Agenzia Entrate — Revenue Agency

VAT

VAT Return 2019

Tax period 2018

INSTRUCTIONS FOR THE COMPILATION

NOTE: unless otherwise specified, the articles of law mentioned refer to Presidential Decree no. 633 of October 26, 1972 and subsequent amendments

VAT 2019

1. VAT RETURN FORMS FOR THE YEAR 2018 - GENERAL INSTRUCTIONS

Foreword
The VAT/2019 annual declaration model must be used to present the VAT declaration concerning the 2018 tax year. It is pointed out that for the annual VAT return the VAT/BASE 2019 form may be used instead of this one. For information regarding which taxpayers may use the VAT/BASE 2019 form please consult the completion instructions. The amounts must be reported in units of euro by rounding up if the decimal fraction is equal to or higher than 50 cents of a euro and by rounding down if the amount is lower than this limit. To this end, in the spaces reserved for the amounts, two zeros have been pre-printed after the comma.

Main amendments to the forms
Reported below are the main general amendments introduced in the 2019 VAT return forms.

ANNUAL VAT RETURN FORM

PART VA

In Section 2, **Line VA16** was introduced for tax-payers who, starting from January 1st, 2019, entered to a VAT Group under Art. 70-bis and following amendments. **Cross Box 1** to declare that this is the last VAT declaration before entering the VAT Group.

PART VX

In Line **VX2**, **field 2** was introduced for tax-payers who, starting from January 1st, 2019, entered to a VAT Group under Art. 70-bis and following amendments. In this new field, the surplus of deductible VAT resulting from the declaration, should be indicated; such amount equals to the VAT payments carried out in 2018, and it should be transferred to the VAT Group starting from January 1st, 2019.

PART VO

In Line **VO34**, **Box 3** was introduced. Tax-payers should cross this new box in case they have chosen - under art. 10, paragraph 12-undecies, of the Legislative Decree no. 192/2014, during year 2015 - to implement the ring fencing under art. 27, paragraphs 1 and 2, of the Legislative Decree no. 98/2011; therefore they revoke their previous choice and enter, from 2018, the flat-rate scheme under art. 1, paragraphs from 54 to 89, of Law no. 190/2014.

PART VG

In **Section 1**, Lines from VG2 to VG4, **Box 7 "Foreign Entity"** was introduced. In **Section 2**, **Box 6 "Foreign Entity"** was introduced. Cross these new boxes in case the non-residing entity who hold control has no VAT in the Country territory.

VAT PROSPECTUS 26/PR

In **Part VY**, Line **VY2**, **Field 2** was introduced. This field concerns tax-payers who belong to a VAT Group under art. 70-bis and following, starting from January 1st, 2019. In the new field the surplus of deductible VAT resulting from the prospectus should be indicated; such amount equals to the VAT payments made in 2018, and it should be transferred from the controller to the VAT Group starting from January 1st, 2019. In line **VY4**, the new **field 3 "VAT Group art. 70-bis"** was introduced. The controller should cross the box of this field if, starting from January 1st, 2019, it belongs to a VAT Group under art. 70-bis and followings, and asks a refund for the surplus of deductible VAT resulting from this prospectus, for the amount that should not be transferred to the Group.

1.1 LAYOUT OF THE FORM

The VAT return form features a **modular structure** and is made up of:
– The **front cover** consists of two sides;
– a **form**, consisting of several parts (VA-VB- VC-VD-VE-VF-VJ-VI-VH-VM-VK-VN-VL-VT-VX-VO-VG), which must be filled in by any taxpayer to indicate accounting details and other data concerning the activity performed.

The parts VB - VL - VN and VG shall be filled in, always beginning with the first module (even in the presence of multiple modules, as a result of separate accounting or substantial subjective transformations). The completion of several modules of any of these parts does not change, in fact, the number of modules which make up the declaration.

Controlling bodies or commercial companies must include in their statement also the **prospectus VAT 26 PR/2019** (parts VS-VV-VW-VY-VZ) for the indication of the data concerning VAT payment as a group pursuant to art. 73 and Ministerial De-cree of 13 December 1979 as amended in the Ministerial Decree dated 13 February 2017

The taxpayers with **separate accounts** (art. 36) must file the front cover and a form for each separate account. Parts VC, VD, VH, VM, VK, VT, VX and VO and section 2 of part VA and sections 2 and 3 of part VL must be filled in once on the first form with the indication of the data summarizing all activities.
In the particular case of a taxpayer adopting, even if in different periods of the year, different tax systems (e.g. a normal VAT system and a special system for agriculture), it is necessary to fill in several forms to distinctly indicate the operations concerning each system (see also the instructions in sub-part VF).
The top part of all the pages making up each form must report the taxpayer's tax code and the progressive number of the form to which the page belongs.
In case of a return including just one form, the number "01" must be reported on all the pages.
Furthermore, for each filled in form, the boxes (at the bottom of Part VL) concerning the filled in parts must be crossed.

NOTICE: ffor the correct filling in of the return it is hereby specified that if there are no significant data or values to be indicated in a part, that part must not be filled in; the value zero is to be considered as an insignificant value for data purchase purposes. Consequently, the boxes concerning the filled in parts (at the foot of part VL) relating to parts with values equal to zero or without any other requested data must not be crossed. Part VH is an exception as its completion is deemed particular. This will be further illustrated in paragraph 4.2.9.

In case of mergers, divisions, conferring of company or other **extraordinary operations** or substantial subjective transformations, the declarant (incorporating, beneficiary, conferring company etc.) must produce, in addition to one (or more) forms for the indication of his/her data, also one (or more) forms for the indication of the data concerning the other subjects participating in the transformation (see paragraph 3.3 "Taxpayers with extraordinary operations").

1.2 DEADLINES AND PROCEDURES FOR SUBMITTING THE DECLARATION

1.2.1 – SUBMISSION DEADLINES

Based on article 8 of the Decree of the President of the Republic no. 322 of 22 July 1998, as amended, the VAT declaration for the year 2016 must be submitted in the period between **01 February** and **30 April 2019.**

The Decree of the President of the Republic no. 322 of 22 July 1998, does not provide for a deadline for delivering the declaration to the intermediaries, who shall then see to electronic transmission, but solely establishes the deadline by which the declarations must be submitted to the Italian Revenue Agency electronically.

Pursuant to articles 2 and 8 of the Decree of the President of the Republic no. 322 of 22 July 1998, as amended, the declarations submitted by ninety days of the expiration of the aforementioned deadlines are valid, without prejudice to the application of the penalties provided for by law. However, those submitted with a delay exceeding ninety days are considered omitted, but constitute grounds for collecting the tax that results as owed.

To consult the information on penalties and to voluntarily correct the declaration’s requirements, visit the Italian Revenue Agency website www.agenziaentrate.gov.it.

1.2.2 – SUBMISSION PROCEDURES

The declaration to be submitted exclusively electronically to the Revenue Agency may be transmitted:
a) directly;
b) through a qualified intermediary pursuant to art. 3, paragraph 2, of the Decree of the President of the Republic no. 322 of 22 July 1998;
c) through other assigned subjects (for Public Administrations);
d) through companies belonging to the group.

The declaration is considered as submitted on the day on which the reception by Revenue Agency is concluded. Proof of submission of the declaration is provided by the notification attesting to the reception of the data, also issued electronically.

ATTENTION: the electronic service, immediately after sending, returns a message that confirms only that the file’s has been received, and then provides the user with another communication attesting to the outcome of the processing operation done on the received data; in the absence of errors, this communication confirms the submission of the declaration.

a) Direct submission
The subjects that choose to submit their declaration directly must use the elctronic Entratel or Fisconline services based on the requirements possessed for obtaining qualification.
The subjects other than natural persons perform the electronic interchange of the communication by their own officers appointed in the manner described in the Circular no. 30 / E on 25th June 2009 and in the relevant technical annex.
For qualification procedures, visit the appropriate section at the Italian Revenue Agency website www.agenziaentrate.gov.it.

ATTENTION: Non-resident subjects that have identified themselves directly for VAT purposes in the State's territory pursuant to art. 35-ter, submit the declaration through the electronic Entratel service.
For these subjects the qualification for the electronic Entratel service is issued by the Pescara Operational Centre, Via Rio Spar-to 21, 65129 Pescara, along with the attribution of the VAT Registration, based on the data contained in the declaration for direct identification and the printout of the attachment that the party other than the natural per-son prints out after having pre-registered with the Entratel service. Said office sees to mailing to the applicant or delivering to an assigned subject (bearing an appropriate delegation and his or her own and the delegating party's identification document) the virtual envelope, whose number is used to withdraw the credentials nee-ded to generate the security environment and, if the user is a natural person, for access to the log-in area of the Revenue Agency's website

b) Submission through a qualified intermediary
The intermediaries indicated in art. 3, paragraph 3, of the Decree of the President of the Republic no. 322 of 22 July 1998, as amended, are required to transmit to the Revenue Agency, electronically, both the declarations prepared by them on behalf of the declarant, and those prepared by the declarant him or herself, and for which they have taken on the commitment to electronic submission.
Qualified intermediaries belonging to the following categories are required to submit declarations electronically:
• those entered in the registers of business managers, certified public accountants, commercial experts, and labour consultants;
• those entered as of 30 September 1993 in the registers of experts kept at the chambers of commerce for the taxes sub-category, holding a university degree in jurisprudence or economics and commerce, or the equivalent, or an accounting diploma;
• those entered in the registers of attorneys;
• those entered in the register of certified public accountants pursuant to legislative decree no. 88 of 21 January 1992;
• trade union associations between entrepreneurs pursuant to art. 32, paragraph 1, letters a),
b) and c) of legislative decree no. 241 of 1997;
• associations prevalently of subjects belonging to ethnic/linguistic minorities;
• tax assistance centres (CAF) – employees;
• tax assistance centres (CAF) – enterprises;
• those habitually exercising tax consulting activity;
• notaries public entered in the register indicated in art. 24 of law no. 89 of 16 February 1913;
• those entered in the registers of agronomists and engineers in forestry, agriculturalists, and farm experts;
• Companies among professionals enrolled in the Registry of Chartered Accountants;
• Companies among professionals enrolled in the Registry of Employment Consultants.

Also required to submit electronic declarations are the professional studios and services companies in which at least one half of the associates or more than one half of the share capital is held by subjects entered in certain registers or boards, as specified by the executive decree of 18 February 1999.
These subjects may meet the obligation of submitting the declarations electronically by relying on stakeholdings of the national boards, orders, and registers identified in the aforementioned decree, of the respective enrolees, of the associations representing same, of the national social security funds, and of the individual members of said associations.

c) Submission through other assigned subjects(for Administrations)
Public Administrations, too, including those with autonomous organization, are required to submit the VAT declaration exclu-sively electronically, through the Entratel service and in accordance with the deadlines established by art. 4 of the De-cree of the President of the Republic no. 322 of 22 July 1998.
These subjects may rely on other subjects assigned for the electronic transmission of declarations, in particular:
• The Ministry of Economy and Finance, also through its information system, for the declarations of the State administrations for which, in the tax period to which they refer, it has ordered the payment, in any form, of compensation or other values subject to withholding at the source;
• Administrations pursuant to art. 1, paragraph 2, of legislative decree no. 165 of 30 March 2001, for the declarations of the offices or structures functionally referable to them. Each Administration in its own sphere may transfer the

transmission of the declarations based on the internal organizational model or system (see the decree of 21 December 2000, published in Gazzetta Ufficiale no. 3 of 04 January 2001).

Electronic submission of declarations by public subjects must be carried out in accordance with the procedures established by art. 3 of the Decree of the President of the Republic no. 322 of 22 July 1998 and may regard, in addition to the yearly VAT declaration, the declaration of tax substitutes and the IRAP declaration as well.

The Revenue Agency, with circular no. 24/E of 13 March 2001 (published in Gazzetta Ufficiale no. 79 of 4 April 2001), and with the provision of the Director of the Revenue Agency of 18 November 2008, illustrated the procedures by which State administrations may rely on other assigned subjects for the electronic submission of their declarations.

d) Submission through group companies

In the sphere of group companies, as provided for by art. 3, paragraph 2-bis of the Decree of the President of the Republic no. no. 322 of 22 July 1998, in which at least one company or entity is required to submit declarations electronically, the transmission thereof may be carried out by one or more subjects in the same group exclusively through the electronic Entratel service.

The parent entity (even non-commercial) or company (including partnerships) and subsidiaries are considered as belonging to the group. Joint-stock companies, partnerships partly limited by shares, and limited liability companies whose shares or stocks are held by the parent entity or company or through another company held by it for a percentage exceeding 50 percent of the capital starting from the beginning of the previous tax period are considered as subsidiaries.

This provision in any event applies to companies and entities required to draw up the consolidated financial statements pursuant to legislative decree no. 127 of 9th April 1991 and and legislative decree no. 136 of 18 August 2015, and to companies subject to corporate income tax (IRES – imposta sul reddito delle società,) indicated in the list pursuant to paragraph 2, letter a), of art. 38 of the aforementioned legislative decree no. 127 and in the list pursuant to paragraph 2, letter a), of art. 36 of the aforementioned legislative decree no. 136.

The group company may carry out the electronic submission of the declarations of the other companies that belong to the same group when the commitment to submitting the declaration is made.

Companies belonging to the same group that operate as tax representatives of foreign companies may also rely on the same electronic submission procedures, provided that said foreign companies do not belong to the same group.

It is possible to submit, at the same time or at different times, some declarations directly and others through the group companies or an intermediary.

The companies and entities that meet the online submission obligation by relying on a qualified intermediary or a group company are not required to request qualification for electronic transmission.

To task another group company with the electronic submission of its declaration, the declaring company must deliver its declaration, duly signed, to the assigned company, which must meet all the obligations established for electronic submission by qualified intermediaries and described in the following paragraph.

Documentation to be issued to the declarant to prove the submission of the declaration. Based on the provisions contained in the Decree of the President of the Republic no. no. 322 of 22 July 1998 he qualified intermediaries, the group companies or other assigned companies (group companies or other Administrations) must:

- ssue to the declarant, at the same time as the reception of the declaration or the taking up of the assignment for preparing it, the commitment to submit, electronically, to the Revenue Agency, the data contained in it, specifying whether the declaration was delivered to already compiled or whether it is to be prepared by them; said commitment shall be dated and signed, although issued in free form. The date of this commitment, along with the personal signature and the indication of the declarant's tax code number, shall then be reported in the specific "Undertaking to electronic submission" square in the declaration's frontispiece;
- also issue to the declarant, by no later than 30 days of the deadline established for submitting the declaration electronically, the original of the declaration whose data were transmitted, drawn up on the model in compliance with that approved by the Revenue Agency, along with a copy of the notification from the Revenue Agency attesting to its having been received.
  Said communication is proof for the declarant of having submitted the declaration, and shall be kept by the declarant, along with the original of the declaration, duly signed, and with the remaining document for the period established by art. 43 of the Decree of the President of the Republic no. 600 of 29 September 1973, in which the checks by the Financial Administration may be carried out;
- Conserve a copy of the transmitted declaration – which may be on computer support – for the same period established by art. 43 del Decree of the President of the Republic no. no. 600 of 29 September 1973, for the purpose of its being shown to the Financial Administration at the time of the check.

The taxpayer shall therefore verify accurate compliance with the aforementioned obligations by the intermediary, reporting any non-compliance to any office in the region where the taxpayer has fixed tax domicile, and shall, where necessary, rely on another intermediary for the electronic transmission of the declaration so as not to incur the violation of omission of the declaration.

Notification of submission of the declaration

The communication by the Revenue Agency attesting to the submission of the declaration sent electronically is tran-

smitted via the same channel to the user that sent it.
Said communication may be consulted in the "Received" section of the Revenue Agency website, reserved for users registered with the online services. The same reception notification may be requested with no time limits (both by the taxpayer and by the intermediary) at any office of the Revenue Agency.
With regard to the verification of the promptness of the declarations submitted online, the declarations transmitted by no later than the deadlines established by no. 322 of 22 July 1998, but discarded by the online service shall be considered prompt, provided they are retransmitted by no later than give days after the date contained in the communication from the Revenue Agency attesting to the reason for the discard (cf. circular of the Ministry of Finance – Income Department no. 195 of 24 September 1999).

Responsibility of the qualified intermediary
In the event of late transmission or of non-transmission of the declarations, art. 7-bis of legislative decree no. 241 of 09 July 1997 levies upon the intermediaries a penalty for which the voluntary correction pursuant to article 13 of le-gislative decree no. 472 of 1997 must be deemed permitted, in accordance with the procedures last set out with circular 52/E of 27 September 2007.
The qualification is also to be revoked when, in carrying out the activity of transmitting the declarations, grave or repeated irregularities are committed, or in the presence of suspension measures issued by the professional's own order, or in the case of revocation of the authorization to exercise the activity by the tax assistance centres.

2. GENERAL INFORMATION

2.1 AVAILABILITY OF FORMS - PAYMENTS AND INSTALLMENTS

Availability of forms
VAT return forms and relevant instructions are not printed by the financial administration but are made available free of charge in electronic format and can be retrieved from the site of the Revenue Agency **www.agenziaentrate.gov.it** in compliance with the technical characteristics established in the approval measure. *These forms can be printed in black and white.*

Payments and installments
The VAT payable according to the annual VAT return must be paid by **16 March** of every year if the relevant amount exceeds euro 10.33 (10.00 euro as a result of the rounding up).
If the payment term falls on a Saturday or on a holiday, this term is extended to the first following working day.
Taxpayers can pay the amount due all at once or by instalments, pursuant to art. 20 of the Legislative Decree no. 241 of 9 July 1997. The amounts must be equal, and the first payment must be made by the deadline when the entire amount of VAT must be paid. The following payments must be made by the 16th of each following month. In any case the last payment must be made by November 16th.
After the first payment, there is a fixed instalment interest rate of 0.33% each mount; therefore, it is necessary to add 0.33% to the second payment, 0.66% to the second payment and so forth.
The payment may be deferred up to the deadline for the payment of sums due on the basis of the income declaration (to be submitted by June 30 according to art 17 paragraph 1, first period of the Decree of the President of the Republic no. 435/2001) with an increase of 0.40 % interest for each month, or fraction of a month following, March 16th (article 6, paragraphs 1 and 7, paragraph 1, letter b). According to the Decree of the President of the Republic no. 542 of 1999, even those business that do not coincide with the solar year may defer VAT payemnts by paying the amount by June 30th regardless of the different terms of payments for revenue tax (the terms of payment described in art 17 paragraph 1, first period of the Decree of the President of the Republic no. 435/2001 also apply to these subjects). A surplus of 0.40% for every month, or every fraction of the month,is applied to the part of the debt that is not compensated with te credits reported in the F24 module.

In summary, the subject can:
- Pay in one instalment by the 16th of March or pay in various instalments with a monthly surplus of 0.33% to the amount of each payment following the first;
- Make one payment by June 30th with a surplus of 0.40% for each month, or a fraction of the month following March 16th, or pay in instalments starting from the first payment day, initially adding 40% for each month, or fraction of the month, following March 16th, thus with a monthly surplus of 0.33% to the amount of each payment following the first.

It is also possible to further defer VAT payments by the terms established in paragraph 2 of art. 17 of the Decree of the President of the Republic dated 30th July 2001, by applying interest rates of 0.40% (see also resolution no. 73 dated June 20th 2017) to the amount owed by June 30th (net compensations).

Fiscal fulfilments and payments of the amounts stated in art 17 of the legislative decree no. 241, dated 9 July 1997, including instalments, that have a deadline from 1st to 20th august of each year, may be paid by the 20th of the same

month without further interests (art. 37 paragraph 11-bis, legislative decree no. 223 dated 2 July 2006).

2.2 SUBJECTS REQUIRED TO FILE THE RETURN AND SUBJECTS EXEMPTED

As a general rule, the subjects **obliged** to file their annual VAT return are all the taxpayers practising business activities as well as artistic and professional activities under articles 4 and 5 and the holders of a VAT registration number. For the filing of the statement by taxpayers belonging to special categories (official receivers, the taxpayer's heirs, parent companies, beneficiary companies in case of division etc.), please refer to paragraphs 2.3 and 3.3.
The following categories are **exempted** from submitting the VAT return:
– taxpayers who for the fiscal year **only** recorded transactions considered exempt under article 10, as well as taxpayers who, having taken advantage of the exemption from the
obligations to invoice and record under article 36-bis, **only** carried out exempt transactions. Obviously the exemption does not apply if the taxpayer has also performed taxable operations (still referring to activities managed with separate accounting systems) or if inter-community operations have been recorded (article 48, paragraph 2, Decree Law no. 331 of 1993) or adjustments have been made according to art. 19-bis2 or purchases have been made for which tax is due from the transferee on the basis of specific dispositions (purchases of gold, pure silver, scrap etc…);
– Tax payers that rely on the flat-rate scheme for natural persons carrying out business activity, arts and professions as provided for by article 1, paragraphs from 54 through 89, of law no. 190 of 23 December 2014;
– taxpayers who have opted for the tax regime for young businesspeople and unemployed workers as provided for by article 27, paragraphs 1 and 2, of Decree Law no. 98 of 6 July 2012;
– agricultural producers who are exempt from the fulfilment of the obligations under the paragraph 6 of article 34;
– taxpayers who carry out activities relating to the organization of games, entertainment and other activities set out in the tariff enclosed under Presidential Decree no. 640 of 26 October 1972, who are exempt from the fulfilment of VAT obligations under the sixth paragraph of article 74 and who did not opt for the application of VAT in the ordinary manner (see Appendix under "Entertainment and performing activities");
– individual firms that have rented their only company and do not practice any other VAT related activity (see circular letters no. 26 of 19 March 1985 and no. 72 of 04 November 1986);
– taxable persons in the circumstances referred to in the second period of paragraph 3 of article 44 of Decree Law no. 331 of 1993 if, during the tax year they have only carried out transactions, which are not taxable, which are exempt, which are not subject to VAT or which do not carry an obligation to pay the tax;
– subjects who have opted for the applications of the dispositions provided for by Law number 398 of 16 December 1991 regarding VAT exemption for all earnings obtained from commercial activity associated with institutional aims (see Appendix under the entry: "Entertainment and performing activities");
– The subjects domiciled or residing outside the European Union, and not identified in a European Community setting, that have identified themselves for VAT purposes in the State's territory with the procedures provided for by art. 74 quinquies for the meeting of the obligations with regard to telecommunications, radio, and electronic services rendered to customers, that are not taxable persons, domiciled or residing in Italy or in another Member State.

2.3 SPECIAL RETURN FILING CASES

A - Bankruptcy and forced administrative liquidation

Bankruptcy during the 2018 tax period
If the bankruptcy proceedings have started during the year 2018 official receivers and court-appointed liquidators, shall file the VAT return concerning the entire tax year, inclusive of two forms: the first form concerns the transactions recorded in the part of the calendar year preceding the declaration of bankruptcy or forced administrative
liquidation (remembering to cross the box in **line VA3**); the second form concerns the transactions recorded after this date. All the parts must be filled in both forms, including section 2 in part VA and sections 2 and 3 in part VL. Parts VT and VX, on the other hand, must be completed on form no. 01 only.
As regards part VX the following possibilities must be considered:
a) output VAT resulting from the form concerning the transactions performed in the fraction of the year preceding the declaration of bankruptcy or forced administrative liquidation (1st period).
In this case part VX must mention only the credit or the debt resulting from part VL in the form concerning the period after the declaration of bankruptcy or compulsory administrative liquidation (2nd period), as the balances resulting from section 3 of part VL of the two forms cannot be compensated or added together;
b) input VAT in the 1st period.
In this case, on the other hand, part VX must report the balances compensated or added together, resulting from section 3 of part VL of each form.
With regard to the transactions recorded in the part of the calendar year before the declaration of bankruptcy or forced administrative liquidation, the official receivers and court-appointed liquidators are also required to file a relevant return **exclusively to the Revenue Agency Office in charge, also electronically,** within 4 months from the nomination, for the purposes of legally proving the bankruptcy procedure. This return must be completed using the specific **VAT 74-bis form, approved with the measure of 15 January 2018**, which, among other things, does not allow the

request of a reimbursement for any input VAT resulting from the form (see resolution no. 181/E of 12 July 1995).

Bankruptcy after the end of the 2018 tax period
If the bankruptcy proceedings have started in the period between 1st January 2019 and the deadline established by the law for the filing of the VAT return form concerning 2018, and if this return is not considered as filed by the taxpayer that has gone bankrupt or has been subject to forced administrative liquidation, said return must be filed by the official receivers or court-appointed liquidators within the ordinary terms, i.e. within four days from nomination if this term expires after the ordinary filing term.
In the latter case the obligation to submit the specific **VAT 74-bis form, to the competent office of the Revenue Agency exclusively by electronic means** and within four months of the appointment of the liquidator or trustee.

B - Discontinuation of business
Those subjects who have discontinued their business are required, pursuant to art. 35, paragraph 4, to file their last annual statement in the year following the year of discontinuation of business, within the normal terms.
In particular, for companies the business is considered to have been discontinued on the date of completing the transactions concerning the company's liquidation.
In the special case of a taxpayer discontinuing his or her business in the course of the year 2018 (with consequent closing of the VAT number) and resuming the same or another business in the course of the same year (opening a new VAT number), the taxpayer in question must file one single VAT return consisting of:
– the **front cover**, which must report the VAT number of the last activity practiced in the year 2018 in the part concerning personal details
– a **form** (form no. 01), in which all the parts concerning the last activity practiced must be completed. The part VT and VX must be completed only in form no. 01 in order to summarize the data of both companies;
– a **form**, in which all the parts must be completed by reporting the data concerning the first activity practiced in the year and indicating in particular in line VA1, field 1, the corresponding VAT number.
It is hereby specified that in this case, for the correct filing of the statement, reference can be made to the instructions concerning cases of substantial subjective transformation (par. 3.3).

C - Non resident taxpayers
Reported below are the instructions to fill in and file the return in relation to the different ways in which the non resident taxpayer may have operated in the territory of the State during the tax year in question.

Non resident taxpayers operating through a tax representative
The statement concerning foreign taxpayers, whose details must be reported in the taxpayer's part, is filed by the tax representative who must report his or her own name in the part concerning the taxpayer by reporting appointment code 6.
If the non-resident taxpayer has changed tax representative during the tax year, the return must be filed by the tax representative operating at the time of filing the return. This representative shall report his or her own details in the part concerning the taxpayer and summarize the data of the transactions performed in one single form during the year by the non-resident taxpayer.

Non resident taxpayers operating through direct identification pursuant to art. 35-ter
In this case the return must be filed by reporting the details of the non resident taxpayer in the relevant part; for taxpayers who are not individuals this part shall report the representative's details with appointment code 1.

Non resident taxpayer who has operated through a tax representative in the same tax year and has identified him/herself directly
Pursuant to the art. 17, third par., tax representation institutes and direct identification bodies play an alternative role to each other. Therefore, if a non resident taxpayer in the same tax year performs transactions in Italy both through a tax representative and with direct identification, the **annual filing obligation must be fulfilled by the taxpayer on the date of filing the return by means of one single return** consisting of several forms in relation to the institutes that the non resident taxpayer has used throughout the year. For filling in the forms in these particular circumstances, the following instructions are provided by way of example, as an integration to the general instructions.

1) Passing from a tax representative to direct identification
a) if, i**n the course of the year to which the return is referred**, the non resident taxpayer has operated through a tax representative and has subsequently identified him/herself pursuant to art. 35-ter, the return must consist of the front cover and two forms:
– in the front cover the non resident taxpayer shall report the VAT reg. no. assigned after filing the form ANR and used by the taxpayer to fulfill VAT obligations;
– form no. 01 shall report the operations performed through direct identification, filling in only in this form also section 2 in part VA, sections 2 and 3 of part VL and parts VC, VH, VM, VT, VX and VO summarizing all the operations performed by the non resident taxpayer;
– form no. 02 shall report the operations performed using a tax representative. Line VA1, field 5, shall contain the VAT reg. no. originally assigned to the non resident taxpayer after filing the form AA7 or AA9 and used by the re-

presentative to fulfill VAT obligations.

b) if the changeover has taken place between 1st January and the date of filing the return, the return made up of one single form shall be filed by reporting the details of the non resident taxpayer in the taxpayer part and the VAT reg. no. assigned to the taxpayer after filing the form ANR. Line VA1, field 5, must contain the VAT reg. no. used by the tax representative to fulfill VAT obligations and subsequently cancelled.

2) Passing from direct identification to the tax representative

a) if in the course of the year to which the return refers, the non resident taxpayer has operated through direct identification pursuant to art. 35-ter and has subsequently availed himself of a tax representative, the return must consist of the front cover and two forms:
- the front cover must report the details of the non resident taxpayer and the VAT reg. no. assigned after filing form AA7 or AA9 and used by the tax representative to fulfill VAT obligations. The part concerning the taxpayer must report the taxpayer's details and appointment code 6;
- form no. 01 shall report the operations performed through the tax representative, filling in only in this form also section 2 in the part VA, sections 2 and 3 of part VL and parts VC, VH, VM, VT, VX and VO summarizing all the operations performed by the non resident taxpayer;
- form no. 02 shall report the operations performed through the institute of direct identification, indicating, in line VA1, field 5, the VAT reg. no. attributed to the non-resident subject and the VAT number used by the same to directly absolve VAT obligations and subsequently extinguished.

b) if the changeover has taken place between 1st January and the date of filing, the return made up of one single form shall be filed by reporting the details of the non resident taxpayer and the VAT number assigned to the taxpayer after filing the form AA7 o AA9 in the taxpayer part.

In the declarant part, the tax representative shall report his/her own details with appointment code 6. Line VA1, field 5, must contain the VAT reg. no. assigned to the non resident taxpayer after filing the form ANR.

Non resident taxpayers operating through a stable organization

The declaration of the non-resident subject who has worked in Italy through a stable organisation must be presented following the indications provided for the information of the VAT contributors. It is pointed out that permanent organisations established in Italy may not operate through a tax representative or through direct registration in order to meet the VAT obligations pertaining to operations carried out directly by the parent company. As set out in Circular no. 37 of 2011, in fact, for sales of goods and provision of services by non-resident subjects, but with permanent organisation in Italy, to purchasers or their commission agents who are not subject to tax or not residents, VAT must be paid by the seller or service provided using the VAT registration number assigned to the permanent organisation. Such operations, distinguished by a separate series of numbers at the time of issue of the invoices and recorded in a specific register, will be subject to a specific annual return form submitted by the permanent organisation.

3. FORMS TO BE USED BY THE DIFFERENT CATEGORIES OF TAXPAYERS

3.1 TAXPAYERS WITH UNIFIED VAT ACCOUNTS

As specified above (see paragraph 1.1), taxpayers with unified accounting systems in terms of VAT must complete their modularly structured return form consisting of:
- the **front cover** containing, in particular, the taxpayer's details and the signature of the return;
- a **form**, consisting of several parts (VA - VB - VC - VD - VE - VF - VJ - VI - VH - VM- VK - VN - VL - VT - VX - VO - VG), to be filled in by every subject to report accounting data and other data concerning the business performed;

3.2 TAXPAYERS WITH SEPARATE ACCOUNTS (ART. 36)

As mentioned in the foreword (sub-paragraph 1.1), those taxpayers who were engaged in more than one business activity for which, by law or by choice, they have kept separate accounting books pursuant to Art. 36, must fill in, in addition to the front cover, as many forms as the accounting systems they follow.

In particular, it is specified that:
- the data to be reported in section 1 of part VA and in section 1 of part VL, as well as parts VE, VF and VJ concern each single separate accounting system and must therefore be filled in each form;
- on the other hand, the data to be reported in section 2 of part VA and in sections 2 and 3 of part VL and parts VC, VD, VH, VM, VK, VT, VX and VO concern the total of the activities performed and therefore must be summarized in just one form, namely in the first form completed.

NOTICE: it is specified that if several activities are performed using separate accounts, with one of these activities being exempt from the obligation of filing the VAT return, for this activity there is no obligation to in-

clude the relevant form in the return (e.g. farmers under art. 34, par. 6, proprietors of entertainment businesses under art. 74, par. 6).
Instead, taxpayers performing both taxable and exempt activities with separate accounts shall include the form concerning the exempt activity performed in their return, too. If the taxpayer is exempt from obligations pursuant to art. 36 bis, the form concerning the exempt activity shall include the accounting data concerning purchases and the amount of the exempt operations under nos. 11, 18 and 19 of art. 10, for which the obligation of invoicing and registration remains.

Taxpayers who are legally obliged (art. 36, par. 2 and 4) to keep separate accounts for the activities they perform shall refer to their relevant business turnovers to establish whether their VAT returns **shall be filed monthly or quarterly**. On the other hand, those taxpayers who voluntarily adopt separate accounts shall refer for this purpose to the total business volume of their activities.
Consequently, if separate accounts are kept by law, the taxpayer may be required to make monthly payments for one (or more) activities and quarterly payments for the other activities. On the other hand, those taxpayers who voluntarily adopt separate accounts shall refer to the total business turnover of their activities (concerning all activities performed) to calculate the frequency of their payments. In relation to this last case, it is specified that if the total business turnover is not higher than the limits established by regulations in force, the quarterly payment system can be adopted only for one or more accounts kept.
Internal changeovers among separate activities do not contribute to form the business turnover. This type of switching included in part VE of the single forms shall be reported in line VE40, as taxable operations to be added to the transfer of depreciable assets, in order to reduce the business turnover.
Internal changeovers of goods related to retail activities under art. 24, par. 3 (activities for which VAT is paid according to the so-called rate breakdown method) to other activities are not subject to taxation and shall be reported in line VE40.
In compliance with the **directives regulating the gold market** pursuant to Law no. 7 of 17 January 2000, the taxpayers who perform gold-related operations, as regulated by art. 19, par. 3, lett. d), and by the following par. 5-bis, must necessarily keep separate accounts and complete two different forms in order to distinctly report the deducted VAT.
Saving management companies, pursuant to art. 8 of Decree Law no. 351 of 25 September 2001, converted into Law no. 410 of 23 November 2001, must calculate and pay the taxes concerning their activity separately from the taxes due for each real estate fund managed by them. Therefore, these companies shall fill in a front cover, a form containing the data concerning their own activity and as many sheets as the funds they manage.
Therefore, these companies must compile, in accordance with the instructions provided in this paragraph, a frontispiece, a form containing the data on their activity, and as many other forms as there are funds managed by them. The tax provisions applicable to real estate investment funds, contained in articles 6 and following of decree law no. 351 of 2001, are understood as also referring to investment companies with fixed capital (società di investimento a capitale fisso – SICAF) that invest in real property in the amounts indicated by the provisions of civil law (article 9 of legislative decree no. 44 of 04 March 2014).
In the case of **substitution in the management** of a fund from one savings management company to another taking place during the tax year, the management of the successor company takes the same position as the management of the substituted company, hence, the form relating to the fund for the aforementioned year must be completed by the savings management company which has taken over management of the fund as part of its own return. This form must indi-cate all of the operations relating to management of the fund, including those which were carried out during the fraction of the year preceding the moment that the substitution came into effect. In addition, in the same form the VAT regi-stration number of the substituted savings management company must be indicated in **line VA4**, **field 3**.

3.3 TAXPAYERS WITH EXTRAORDINARY TRANSACTIONS (MERGERS, DIVISIONS, ETC.) OR OTHER SUBSTANTIAL SUBJECTIVE TRANSFORMATIONS

In case of extraordinary operations or other substantial subjective transformations in general, a form of continuity develops among the subjects participating in the transformation (merger, division, conferment, transfer or donation of a company, inheritance etc.). As regards the date on which the transformation of the subjects concerned takes place, two hypotheses can occur. These are illustrated below and for each one of them some indications are provided to fill in the relevant parts.

A) Transformation occurred during the year 2018

1. If during the tax year to which the return is referred extraordinary operations have been performed or substantial subjective transformations have taken place, which have led to the **extinction of the assignor** (incorporated company, divided company, conferring, transferring or donating subject, etc.), the VAT return shall be filed by the subject still in existence (incorporating company, beneficiary, conferee, transferee, assignee, etc.). Therefore, the entity resulting from the transformation (conferring, incorporating company etc.) shall file the form consisting of the front cover and two forms (or more forms in relation to the number of subjects participating in the operation):
   – the single **front cover** shall report the company's name, tax code, VAT reg. no. of the entity resulting from the transformation;

– in the **form concerning the assignee** (form no. 01) all the parts concerning the activity performed must be completed by reporting the data concerning the operations performed by the same taxpayer during 2018, also including the data concerning the operations by the assignor in the portion of month or quarter in the course of which the extraordinary operation or the substantial subjective transformation has taken place. Parts VT and VX must also be completed in order to summarize the data concerning the subjects participating in the operation;
– in the **form concerning the assignor** all the parts concerning the activity performed must be completed by reporting the data concerning the operations performed by the same taxpayer until the last month or quarter ended before the date of the extraordinary operation or the substantial subjective transformation. Furthermore, in line **VA1, field 1**, the VAT reg. no. of the taxpayer to which the form refers, must be reported.

Consequently, in this case the conferring or incorporated subject shall not file the VAT return concerning the year 2018.

2. If the extraordinary operation or the substantial subject transformation **has not caused the extinction of the assignor** (partial division, conferment, transfer, or donation of a branch of the company) the VAT return shall be filed:
– by the assignee, if the operation **involved the transfer of output or input VAT**. This taxpayer will file his or her return following the methods described in point 1), making sure that line **VA1, field 1** reports the VAT reg. no. of the taxpayer to whom the form refers and the **box 2** of the same line is crossed to specify whether the taxpayer is still performing his or her activity for VAT purposes. The assignor shall file his or her return with reference to the operations performed in the year 2018 concerning non transferred businesses. In this last statement, **box 3** of **line VA1** must be crossed to indicate that the taxpayer has participated in an extraordinary operation or transformation and the credit resulting from the 2018 annual VAT return, transferred wholly or in part following the operation, must be indicated in **field 4**;
– by each of the subjects involved in the operation if **output or input VAT has not been transferred**, each reporting the data concerning the operations performed during the entire tax year.

B) Transformation occurred in the period between 1st January 2019 and the date of filing the annual VAT return concerning 2018

In this case, since the activity for the entire year 2018 was performed by the assignor (incorporated company, divided company, conferring, transferring or donating subject, etc.), the following hypotheses can occur:
– if the **assignor becomes extinct** following the transformation, the resulting entity (incorporating, beneficiary, conferee company, transferring, donating subject, etc.) shall file for the year 2018 his or her return together with the return on behalf of the assignor (incorporated company, divided company, conferring, transferring or donating subject, etc.), unless the obligation to file has already been fulfilled by this party directly. This return shall report the details of the extinguished subject in the part reserved for the taxpayer and the details of the eligible party in the box reserved for the declarant, reporting the value 9 in the box concerning the appointment code.
– in the hypothesis of transformation **without the extinction of the assignor**, each subject involved shall file his or her VAT return concerning the operations performed in the entire tax year 2018 to which the return refers.

3.3.1 – METHODS OF COMPLETION IN CASE OF TRANSFORMATION OF TAXPAYERS WITH UNIFIED VAT ACCOUNTS

In the event of transformations which took place during 2018 with the resulting extinction of the transferring party or transfer, conferment of company branch etc. with output or input VAT transfer, the entity resulting from the transformation shall fill in:
– the **front cover**, reporting his or her personal details;
– a **form** (form n. 01) for itself, completing all of the parts concerning the business activity, including section 2 of part VA and sections 2 and 3 of part VL. In this form, part VT must be completed, as must part VX, summarising the overall details of the annual amount to be paid or to be deducted, with reference to the participants in the operation;
– a **form** for each subject participating in the transformation (e.g. incorporated, divided company etc.) in which all the parts concerning the activity performed must be completed, including section 2 of part VA and sections 2 and 3 of part VL.

For more information on how to complete the parts please refer to *paragraph 3.3.3.* and *paragraph 3.4.2*.

3.3.2 – METHODS OF COMPLETION IN CASE OF TRANSFORMATION OF TAXPAYERS WITH SEPARATED ACCOUNTS (art. 36)

If one or more subjects participating in the transformation have kept various separated accounts pursuant to art. 36, the following cases can occur:

A) Separated accounts kept only by the declaring taxpayer

The declaring taxpayer must use:
1) the front cover reporting personal details;

2) the same number of forms for oneself as the number of separate accounts kept, taking care to indicate only in form no. 01 the summary data for all activities carried out in parts VC, VD, VM, VH, VK and VO, as well as in section 2 of part VA and in sections 2 and 3 of part VL. In the same form the following parts must be completed: part VT, part VX in order to summarise the overall data of the annual amount to be paid or credit amount with reference to the subjects participating in the operation;
3) as many forms as the number of the participants in the transformation. In these forms all the parts concerning the activity performed must be completed, including section 2 of part VA and sections 2 and 3 of part VL, reporting the data concerning the fraction of the year before the transformation.

B) Separated accounts kept by one or more of the other subjects participating in the transformation (rather than the declarant)

The declaring taxpayer must use:
1) the front cover reporting personal details;
2) a form (form n. 01) with completion of the parts concerning the business performed, including section 2 of part VA and sections 2 and 3 of part VL. In this form, also part VT and VX must be filled in, in order to summarize the total annual amount to be paid or to be deducted, with reference to the participants in the operation;
3) as many forms as the number of the accounts kept, for each subject with separated accounts, completing section 2 of part VA and sections 2 and 3 of part VL, as well as VC, VD, VH, VM; VK and VO in the first form concerning each subject; on the other hand, for each subject with one single account for VAT purposes, just one form must be completed.

C) Separate accounts kept both by the declaring taxpayer and by one or more of the other subjects

The declaring taxpayer must use:
1) the front cover, like in point 1 of hypothesis A);
2) for him/herself, like in point 2 of hypothesis A);
3) for the other subjects, like in point 3 of hypothesis B).

3.3.3 – ADDITIONAL CLARIFICATIONS FOR THE COMPLETION OF THE FORMS IN SOME CASES OF SUBJECTIVE TRANSFORMATION

NOTICE: in case of changes in the data under art. 35 that do not result in substantial changes in the subjects (e.g. transformation from a partnership to a stock company etc.), no special methods are provided for completing and filing the statement. As a general rule, therefore, the return must consist of only one form with the data concerning the entire tax year, following the instructions reported in paragraphs 3.1 and 3.2.

A) Division

Article 16, par. 10 and sub. par. of Law no. 537 of 24 December 1993 regulated division operations for VAT purposes. In particular, par. 11 of art. 16 states that, if the division operation implies the transfer of companies or business complexes, VAT-related obligations and rights concerning the operations performed through the transferred companies or business complexes are assumed by the companies that are the beneficiaries of the transfer.
In particular, article 2506 septies of the civil code provides for two forms of division:
– **total division**, with which the divided company transfers its entire equity to several more pre-existing or newly setup companies (called "beneficiaries") and, therefore, the division company ceases to exist;
– **partial division**, with which the company transfers only part of its equity to one or more pre-existing or newly setup companies and, therefore, the division company does not cease to exist.

In both cases the beneficiaries shall file their VAT return following the methods described in paragraphs 3.3 and following paragraph.
Par. 12 of art. 16 of the above mentioned Law no. 537 of 1993 lays down a specific rule in relation to a particular type of division:
"In case of a **total division that does not imply the transfer of companies or business complexes**, the obligations and rights resulting from applying VAT to the operations performed by the division company, including those concerning the filing of the annual return of the division company and the payment of the resulting tax, shall be
fulfilled with mutual responsibility by the other beneficiary companies, or shall be exercised by the beneficiary company purposely designated at the time of the division; if no such company exists, the designated company is considered to be the beneficiary nominated first at the time of the division". In this case, the beneficiary company shall file the VAT return on behalf of the division company, by reporting the details of the division company in the part reserved for the taxpayer and its own data in the part reserved for the declarant, with appointment code 9.

B) Inheritance

In case of inheritance, the filing obligation shall be fulfilled by the heirs following the instructions below:

Taxpayer deceased in the course of 2018
– if the heir or heirs have not continued the business of the deceased taxpayer, these shall file the return on behalf of the deceased by reporting in the part concerning the declarant their data with **appointment code 7**.
– if the heir or heirs have continued the business of the deceased taxpayer, the return shall be filed following the instructions reported in paragraph 3.3, point 1.

Taxpayer deceased in the period between 1st January 2019 and the date of filing the return
In this case, since the activity was performed for the entire tax year by the deceased taxpayer, the heir or heirs shall file the return on behalf of the deceased by reporting in the part reserved for the declarant their own data with **appointment code 7**.

Taxpayers are reminded that pursuant to art. 35-bis the obligations concerning the operations performed by the deceased taxpayer which have not been fulfilled in the last four months before his or her death, also including the annual return too, can be fulfilled by the heirs within six months after this event.

C) Rectification of the deduction for goods purchased following extraordinary operations or subjective substantial transformations
Pursuant to the amendments provided for by art. 19-bis2 for amortizable assets and real estates purchased as a result of extraordinary operations or other substantial transformations, it is specified that these rectifications - relating to the single companies participating in the transformation for which the relevant forms have been filed - must be adjusted to the number of months (or quarters) to which each form refers. The declaring company (e.g. incorporating company) shall rectify these assets by adjusting their amount to the residual number of months (or quarters) (see clarifications contained in Circular Letter no. 50 of 29 February 1996).

D) Reference turnover for the application of VAT in the year following the extraordinary operation or subjective substantial transformation
As regards VAT application in the year following the extraordinary operation or substantial transformation, the total business turnover of the tax year in which the operations resulting from the various forms included in the return, must be considered. This business turnover must be of reference, following the provision of Presidential Decree no. 633/1972, for the application of the regulations related to it, such as the status of customary exporter, the application of the provisional pro-rata, the monthly or quarterly frequency of payments etc.

3.4 CONTROLLING AND CONTROLLED BODIES AND BUSINESS COMPANIES (ART. 73)

3.4.1 – GENERAL INFORMATION
Both controlling and controlled companies and entities that have benefited from the provisions of art. 73, last paragraph, and Ministerial Decree of 13 December 1979, as amended by ministerial decree on 13 February 2017, during the year to which the return refers, must complete this same form, established for taxpayers in general, to report their own details and the balances transferred to the group or the group VAT liquidation.
In particular, filing of the VAT return by the controlling and controlled companies must be carried out using the following methods:

- each **controlled company** must file an annual return, with no attachments, using the methods described in paragraph 1.1;
- **controlling companies or bodies** must file their own annual returns, comprising the VAT Prospectus 26/PR 2019 which summarises the groups' VAT payments. The company or controlling body, in addition, must submit to the competent collection agency:
  – the guarantees provided by the individual companies taking part in the group's payment for the respective credits set off;
  – the guarantee provided by the controlling company for any surplus group credit that is set off.

It is pointed out that article 13 of the Legislative Decree no. 175 of 21 November 2014 replaced article 38-bis, by significantly innovating the discipline pertaining the application of VAT refunds and especially removing the general obligation to provide the guarantee (see Circular no. 32 of 30 December 2014). As clarified by circular no. 35 of 27 October 2015, the provisions contained in the article 38-bis also apply to the payment of group VAT.
The body or controlling company (so-called parent company) shall report to the Revenue Agency Office informing the same of the desire to follow, the provisions of the above mentioned Ministerial De-cree.
Joint activities for the option of the payment of grout VAT is communicated to companies via declaration. This is regarding the fee on the added value presented in the solar year and with the effective date of when the decision to exercise this option is taken (atr. 73 paragraph 3). This declaration is valid until suspension and it must be exercised following the terms and modalities described in the communications received regarding said option.
Pursuant to paragraph 4, article 3 of the Ministerial Decree of 13 December 1979, any change in the details of controlling and controlled companies must be communicated by the controlling company within 30 days of the change using VAT model 26.
Stock companies are the only companies that can adopt the VAT compensation procedure .
The same annual VAT return form must also be used by the companies participating in the group's VAT liquidation for part of the year. These shall file also section 3, part VK to report the data concerning the control period.
In all cases of unified or separated accounts ex art. 36, i.e. mergers, division etc. (see sub-paragraph 3.3) in general the above mentioned instructions apply for the completion of the forms, with some differences for controlling and controlled companies, as reported below.

NOTICE: the controlled companies shall not enclose their own return, their guarantees or the certification of the controlling company relating to the compensated credit; the amount of the compensated credits shall be reported by the controlling company in part VS of the VAT prospectus 26 PR/2019; the guarantees concerning the compensated credits shall be forwarded to the controlling company.

3.4.2 – SPECIFIC INSTRUCTIONS FOR PARTICIPATION IN EXTRAORDINARY OPERATIONS

Incorporation of a company participating in the group VAT payment by a company external to the group

1) Incorporation of a controlling company
If the company external to the group does not meet the requirements for control set by art. 73 with respect to the incorporated controlling company, the following hypotheses can alternatively occur:

– **the procedure for the payment of group VAT is interrupted**, consequently the incorporating company shall file two returns: one concerning its own business performed throughout the entire year and one on behalf of the ex controlling incorporated company. In this second return, the incorporating company shall report its identification data in the box reserved for the declarant with appointment code 9 and in the box reserved for the taxpayer the identification data of the incorporated company; in part VK, in field "Last month of control" (VK1 field 2) shall report the last month in which group payments were made. Any excess credit resulting from part VY in VAT prospectus 26PR/2019 of the ex controlling company shall be reported for the part compensated in the course of the year by the incorporating company in line VA12 of its own return in order to provide the required guarantee, the entire amount of which is reported in line VL8;
– **the procedure for payment of group VAT is not interrupted**, but continues with separated accounts with respect to the incorporating company without the possibility of compensating the excess group credit, according to the instructions provided by Ministerial Order no. 363998 of 26 December 1986. The incorporating company shall file two returns: one concerning its own business performed throughout the entire year and one on behalf of the ex controlling incorporated company. In this second return, the incorporating company shall report its own identification data in the box reserved for the declarant with appointment code 9 and in the box of the taxpayer the identification data of the incorporated company; in part VK, in field "Last month of control" (VK1 field 2) shall report month 13 must be indicated. Any excess credit resulting from part VY in VAT prospectus 26PR/2019 of the ex controlling incorporated company can be used by the incorporating company starting from January 01 of the year following the transformation. Therefore, only in the VAT return concerning the year following the above mentioned transformation shall the incorporating company report the part of credit used in line VA12, for the purpose of presenting the required guarantee, including the entire amount of this excess in line VL8.

2) Incorporation of a controlled company
If a company external to the group incorporates a company participating in the group payment as controlled, the incorporating company shall file one single return consisting of the forms concerning its own business as well as the forms concerning the incorporated company, indicating in part VK of the incorporated company, the credits and debts transferred by this company in the period in which it participated in group VAT payment.

3) Incorporation of the controlling company by a company participating in group payment
Resolution no. 367/E of 22 November 2002 provides instructions about this case (so-called inverse merger) for the filing of the VAT return by the incorporated company ex controlled. As clarified with this resolution, in such a case the methods outlined in number 1) of this paragraph become applicable (hypothesis of incorporation of the controlling company by a company external to the group without the interruption of the group VAT payment procedure). In particular the incorporating company, which transfers to the group VAT liquidation all of its credits and debts as the incorporated company, must file two separate declarations, without paying the tax separately from the tax relating to the incorporated company, insofar as both companies, in such a case, participate in group VAT payment.

3.4.3 – INSTRUCTIONS FOR THE COMPLETION OF PARTS VH AND VK

Controlling and controlled companies that have used the VAT compensation procedure for the entire year must also complete part VH, with the exception in line VH17, in case there is the intention of sending/integrating or correcting omitted/ incomplete/ incorrect data in communications regarding periodic VAT payments, reporting the debts and the credits resulting from their periodical liquidations and transferred to the VAT group liquidation.
In cases of withdrawal of a controlled company from the group in the course of the year or in cases of control termination in the course of the year, part VH,(to fill in in case there is the intention of in case there is the intention of sending/integrating or correcting omitted/ incomplete/ incorrect data in communications regarding periodic VAT payments) shall report both the debts and the credits transferred and the results of the periodical liquidations performed, including any payment on account to be indicated in line VH17 after these events; in part VK also section 3 must be filled in to report the data concerning the control period.

Incorporation of a company participating in the group liquidation by a controlling or controlled company
In this particular hypothesis the declaring company shall indicate, in parts VH (to complete only if there is the intention of sending/integrating or correcting omitted/ incomplete/ incorrect data in communications regarding periodic VAT pay-

ments) and VK of the form concerning the in-corporated company, the debts and the credits transferred by it before the incorporation and, in parts VH and VK of its own form, its own credits and debts transferred in the entire year. Furthermore, part VK of its own form shall also include any squaring up of output or input VAT resulting from section 3 of part VL of the form of the incorporated com-pany.
In the hypothesis of a company incorporating one or more controlled companies with separated accounts, the declarant shall fill in parts VH and VK concerning each incorporated company in only one of the forms referring to it.

Incorporation of a company not participating in the group liquidation by a controlling or controlled company
Resolution no. 92 of 22 September 2010 clarifies that in the case of an extraordinary incorporation operation which has involved, as incorporating company, a company taking part in a group VAT payment procedure and, as incorporated company, a company outside the group, the VAT credit acquired by the incorporated company during the year preceding the year in which the extraordinary operation took place must be excluded from the group VAT payment and thus remain within the exclusive competence of the incorporating company. In this situation, in fact, the provision included in article 73, final paragraph, becomes applicable, establishing that it is forbidden to transfer to the group the credit acquired by a company during the year preceding the year in which the group liquidation VAT procedure was entered. In addition, Resolution no. 78 of 29 July 2011 clarifies that also any credit accumulated by the incorporated company during the year in which the extraordinary operation took place cannot be included in the group VAT liquidation. Therefore, the amount indicated in line VL39 of the form relating to the incorporated company, remaining at the disposal of the incorporating company, reported in line VX2, field 1, and, consequently, it must be taken into consideration for filling part VX and, especially, lines VX4, VX5 and VX6. In this hypothesis the incorporating company shall indicate in parts VH (to complete only if there is the intention of sending/integrating or correcting omitted/ incomplete/ incorrect data in communications regarding periodic VAT payments and VK of its own form, the debts and credits transferred from it to the group in the course of the year according to the methods de-scribed in the point above, while in the form relating to the incorporated company, part VK shall not be completed.

3.4.4. – HYPOTHESIS OF DISCONTINUATION OF THE GROUP - OBLIGATIONS OF EX CONTROLLLING COMPANIES IN RELATION TO THE GROUP'S EXCESS CREDIT USED

In order to determine the exact tax amount, if the control ceased in the course of the previous year and the ex controlling company deducted the credit only starting from 1st January 2018, the ex controlling company shall include in line **VL8** of the return (VAT/2019) the entire amount of the excess credit of the group resulting from the **VAT summarizing prospectus VAT 26PR - part VY** of the previous year (**line VY5** of the VAT return/2019), together with any credit reported form the previous year.
If, on the other hand, the control ceased in the course of 2018 and the company calculated the excess credit of the group by deducting it from its periodic liquidations in the fraction of the year 2018 following the discontinuation of the control, the company (ex controlling) shall report the excess credit of the group resulting from the **VAT summarizing prospectus VAT 26PR-part VY** of the same year (line **VY5** of the VAT return/2019) in line **VL8** of the return (VAT/2019).
If the procedure for group VAT payment is not renewed in the following year (this should be intended as a tacit renewal since the options exercised since 2017 are valid until suspension) with reference to the controlling company itself or if the procedure ceased during the year, any group credit surplus for which a refund has not been requested but which has been carried over for deduction by the ex-controlling organisation or company must be indicated in line VA12 of the 2019 VAT return form (see instructions at line VA12), exclusively for the amount paid in 2019 and for which the guarantees required by article 6, 3rd paragraph, of the Ministerial Decree of 13.12.1979 must be provided.
It is pointed out that article 13 of the Legislative Decree no. 175 of 21 November 2014 replaced article 38-bis, by significantly innovating the discipline pertaining the application of VAT refunds and especially removing the general obligation to provide the guarantee (see Circular no. 32 of 30 December 2014). As clarified by circular no. 35 of 27 October 2015, the provisions contained in the new article 38-bis also apply to the payment of group VAT.

4. INSTRUCTIONS FOR THE COMPLETION OF THE FORMS

4.1 FRONT COVER

On the front cover the personal data of the taxpayer must be included.
The front cover consists of **2 sides**:
– the first side contains information regarding the use of personal data;
– the second side must report the taxpayer's tax code, in the upper part of the form, the taxpayer and declarant's details, the signature of the declaration, the commitment to electronic filing, details regarding the stamp of approval and the signature of the auditing body.

4.1.1 – TYPE OF RETURN

Corrections and supplements to the return
If, before expiry of the submission date for the return, the taxpayer intends, to rectify or complete a return which has already been presented he must present a new return, complete in every part, crossing the box **"Correction of exi-**

sting return".
Once the deadlines for filing the return have expired, the taxpayer may rectify or supplement returns by filing a new return, using the methods set out for the original return, on a form that complies with the one approved for the tax period to which the return refers.
A necessary condition for filing the supplementary return is that the original return was filed in accordance with the regulations. With regard to the original VAT return, it should be noted that returns filed up to ninety days after the deadline are considered valid, subject to the application of penalties.

Supplementary declaration
This box is to be compiled in the case of submitting a supplementary declaration, indicating:
– **code 1**, in the case provided by art. 8, paragraph 6-b, of Decree of the President of the Republic no. 322 of 1998 within 31 December of the fifth year following the year in which the declaration was presented, to correct errors and omissions, including those that have determined the indication of a greater or lesser tax or, ho-wever, a greater or lesser tax debt, or rather a greater or lesser surplus of deductibles, without prejudice to the appli-cation of penalties and taking into account the application of the art. 13 of Legislative Decree no. 472 of 1997;
– **code 2**, in the case in which the taxpayer intends to correct the declaration already submitted based on the communications sent by the Revenue Agency, pursuant to art. 1, paragraphs 634 - 636, of law no. 190 of 23 December 2014, without prejudice to the to the application of penalties and to the application of art. 13 of legislative decree no. 472. The Revenue Agency, in fact, provides the taxpayer with the information in its possession (referring to the taxpayer him/her/itself, acquired directly or arriving from third parties, also with regard to revenues or compensation, income, volume of business and value of production, ascribable to the taxpayer, facilities, deductions, or detractions, as well as tax credits, even where they are not due), providing the possibility of spontaneously correcting any errors or omissions, even after the declaration is submitted.

Any credit deriving from lower debt or a surplus of deductibles resulting from the declaration under paragraph 6-b of art. 8 of Decree of the President of the Republic no. 322 of 1998, presented within the deadline for presentation of the declaration relative to the successive tax period may be brought in deduction in periodic payment or annual declaration, or used in compensation under art. 17 of the legislative decree no. 241 of 1997 or, provided that they satisfy, for the year in which the supplementary statement is presented, the requirements under articles 30 and 34, paragraph 9, credit claimed (art. 8, paragraph 6-ter, of the Decree of the President of the Republic no. 322 of 1998).
Any credit deriving from lower debt or greater surplus of deductibles resulting from the declarations under paragraph 6-b of art. 8 of the Decree of the President of the Republic no. 322 of 1998, presented beyond the expiration for the presentation of the declaration relative to the following tax period, may require a reimbursement, where appropriate, for the year in which the supplementary statement was presented, the requirements of which under articles 30 and 34, paragraph 9, or may be used in compensation, under art. 17 of legislative decree no. 241 of 9 July 1997, to perform the payment of debts accrued from the tax period following that in which the supplementary statement was presented.
In the declaration relative to the tax period in which the supplementary statement was presented, a credit is indicated deriving from the lower debt or from a bigger credit resulting from the supplementary statement (art. 8, paragraph 6-quater of the Declaration of the President of the Republic no. 322 of 1998).

4.1.2 – TAXPAYER'S DATA
In the box, which must always be completed, the following data must be provided:

VAT registration number
The VAT registration number of each taxpayer must always be provided.

Other information
The details to be provided are as follows:
– if the taxpayer is a craftsman enterprise listed in a professional register, the relevant **box 1** must be crossed;
– if the taxpayer is subject to extraordinary administration or has made an arrangement with his creditors, **box 2** must be ticked.

Telephone numbers and email address
It is not compulsory to provide a telephone number, mobile phone number, fax and email address. Providing these makes it possible to receive, free of charge, from the Revenue Agency, information and updates regarding final payment dates, news, obligations and services offered.

INDIVIDUALS

Town (or foreign Country) of birth
Specify the place of birth (city, town, municipality). Taxpayers born abroad must specify, instead of the municipality, the Country in which they were born, and leave the space for the province blank.

TAXPAYERS DIFFERENT FROM INDIVIDUALS

Legal nature

NOTE: the following table includes all codes relating to the various forms for the purposes of tax/income returns, they may only be used in accordance with the specific nature of each individual form. Thus, the person who is completing the return must take care to identify the specific code, which refers to the applicable legal status.

GENERAL LEGAL NATURE CLASSIFICATION TABLE

RESIDENT ENTITIES

1. Limited share partnerships
2. Limited liability companies (SRL)
3. Public limited companies (SPA)
4. Cooperatives and their consortia enrolled in the State Register of Cooperatives
5. Other cooperatives
6. Mutual insurance companies
7. Consortia with status of legal entity
8. Recognised associations
9. Foundations
10. Other organisations and institutes with status of legal entity
11. Consortia without status of legal entity
12. Unrecognised associations and committees
13. Other organisations of people or goods without status of legal entity (excluding co-ownership entities)
14. Financial public authority
15. Non- financial public authority
16. Health insurance schemes and social security, assistance and pension funds and such like, with or without status of legal entity
17. Religious works and mutual aid associations
18. Hospital entities
19. Associations and institutes for social security and assistance
20. Autonomous companies for therapy, sojourns and tourism
21. Regional, provincial and municipal companies and their consortia
22. Companies, organisations and bodies established abroad otherwise unclassifiable with administrative headquarters or main activity in Italy
23. Simple companies, as identified by article 5, paragraph 3, letter b), of the TUIR (Income Tax Consolidate Act)
24. General partnerships (SNC) as identified by article 5, paragraph 3, letter b), of the TUIR
25. Limited partnerships (SAS)
26. Armament companies
27. Artistic and professional associations
28. Family businesses
29. GEIE (European Groups of Economic Interest)
50. Public limited companies, special companies and consortia as defined in articles 31, 113, 114, 115 and 116 of the Legislative Decree of August 18, 2000, n. 267 (Unified Text regarding the regulation of local authorities)
51. Condominiums
52. V.A.T. deposits
53. Non-profit capital-based amateur sports associations
54. Trust
55. Public administrations
56. Banking foundations
57. European company
58. European cooperative company
59. Network of enterprises
61. VAT Group

NON- RESIDENT ENTITIES

30. Simple, irregular and de facto companies
31. Simple partnerships (SNC)
32. Limited partnerships (SAS)
33. Armament companies
34. Professional associations
35. Limited share partnerships
36. Limited liability companies (SRL)
37. Public limited companies (SPA)
38. Consortia
39. Other associations and institutes
40. Recognised, unrecognised and de facto associations
41. Foundations
42. Religious works and mutual aid associations
43. Other organisations of people and goods
44. Trust

4.1.3 – DECLARANT DIFFERENT FROM THE TAXPAYER (AGENT, OFFICIAL RECEIVERS, HEIR, ETC.)

This box must be filled in only if the declarant (the person who signs the return) is a person other than taxpayer to whom the return refers. The box must be completed specifying the tax code of the individual who signs the return, the corresponding appointment code, as well as the personal details requested.
If the declarant is a company, which presents the VAT return on behalf of another taxpayer, the field named **"Tax code of declaring company"** must be filled in, indicating, in such a case, the relevant appointment code corresponding to the relationship between declarant company and the taxpayer. Cases which fall under such a requirement include, for example, the company nominated tax representative by a non-resident subject, as provided for by article 17, third paragraph, the company that indicates appointment code 9 as beneficiary company (of a division company) or of an incorporating company (of an incorporated company), the company that presents the return as contractual representative of the taxpayer.

NOTE: the following table includes all codes relating to the various forms for the purposes of tax/income returns, they may only be used in accordance with the specific nature of each individual form.
Thus, the person who is completing the declaration must take care to identify the specific code, which refers to their appointment.

GENERAL TABLE OF APPOINTMENT CODES

1	Legal, contractual, de facto agent or managing member
2	Agent of a minor, disabled or incompetent person, tutoring administrator, or the administrator of an estate held in abeyance, the administrator of an estate that is assigned under a suspensive condition or that is assigned in favour of an unborn child, who has not yet been conceived
3	Official receiver
4	Court-appointed liquidator (forced administrative liquidation or special management)
5	Judicial custodian (judicial custody), or judicial receiver in the capacity of the representative of the attached assets or judicial commissioner (receivership)
6	Tax representative of a non-resident person
7	Heir
8	Liquidator / Receiver (voluntary liquidation)
9	The person required to submit the return for VAT purposes on behalf of a tax subject no longer in existence, following extraordinary operations or other substantial subjective transformations (transferee of company, beneficiary company, incorporating company, conferee company, etc.); or, for the purpose of income taxation and/or IRAP (Regional Tax on Productive Activities), the representative of the beneficiary company (division) or the company resulting from a merger or incorporation
10	Tax representative of a non-resident with the limitations referred to in article 44, paragraph 3 of the Decree Law 331/1993
11	The person operating as guardian of a minor or a civilly disabled person, in relation to the institutional role conferred
12	Liquidator / Receiver (voluntary liquidation of an individual business - period prior to liquidation)
13	Administrator of a condominium
14	Person signing the declaration on behalf of a public administration body
15	Court-appointed liquidator of a public administration body

With reference to the codes listed above it is pointed out that:

- In the case of **codes 3** and **4**, the starting date of the selection procedure and the date of nomination of the abovementioned agents must be specified. If the declaration refers to the year in which bankruptcy proceedings or the selection procedure started, the relevant **box art. 74-bis** must be crossed. In addition to this, the date of termination of the procedure must be specified in the return relating to the year of closure of the same; until such a time, the relevant **box "Procedure not yet concluded"** must be crossed. For the appropriate declaration (Form IVA 74 bis), to be presented by the official receivers or court-appointed liquidators, see the instructions contained in the relevant form, as well as paragraph 2.3;
- in the case referred to in **code 5** the date of the relevant appointment decision must be indicated;
- if the fiscal representative, **code 6**, is a subject other than an individual taxpayer, the tax code of the subject signing the return, the relevant details as well as the tax code of the company representing the non-resident operator must be specified in the box marked “Declarant different from the taxpayer”. It is pointed out, in addition, that the details regarding the non-resident must always be indicated in the spaces reserved for “Taxpayer’s data”.
- in the case referred to in **code 7**, the details of one of the heirs must be specified, with the indication of the date of death of the taxpayer;
- in the case referred to in **code 8** indicate also the date of appointment;
- in the case referred to in **code 9** to be used, for example, in the event of an incorporating merger that took place between January 1 and the date of submission of the annual return, the incorporated company must be indicated as the taxpayer and the incorporating company as the declarant. Its tax code must be indicated in the field marked “Tax code of declarant company”, while the remaining fields must indicate the tax code and details of the incorporating company’s representative.

4.1.4 – SIGNATURE OF THE RETURN

This box, reserved for the signature, contains an indication of the number of forms that comprise the VAT return. The boxes related to the boxes filled in are at the foot of part VL.

The signature must be written legibly in the relevant box, by the taxpayer or by the person who represents him legally or contractually, or by one of the other persons listed in **Table "Appointment codes"** in section 4.1.3.

Data regarding the signatory of the return when different from the taxpayer, including the appointment code, must be indicated in the specific box reserved for the declarant when different from the taxpayer.

Art. 2-bis of decree law no. 203 of 30 September 2005 governs the procedures for implementing art. 6, paragraph 5, of the taxpayer’s Statute law no. 212 of 27 July 2000) based on which the financial administration asks the taxpayer to provide the necessary clarifications should the check of the declarations, carried out pursuant to articles 36-bis del Decree of the President of the Republic no. 600 of 1973 and 54-bis of the Decree of the President of the Republic no. 633 of 1972, give rise to a tax to be paid, or to a lower refund. Clarifications are required via the postal service or by electronic means. The taxpayer may ask that the request to provide clarifications be sent to the intermediary charged with the electronic transmission of the taxpayer’s declaration by checking the “**Send electronic notice of automated check of declaration to intermediary”** box. If the taxpayer does not make the choice for the electronic notice, the

request for clarifications will be sent to the taxpayer's tax domicile by registered post (communication of irregularity). The sanction on the sums owed following the check of the declarations equal to 30 percent of the taxes unpaid or paid late, is reduced to one third (10 percent) if the taxpayer pays the owed sums within 30 days after receiving the communication of irregularity. The aforementioned 30-day deadline, in the case of choosing the sending of the electronic notice, starts from the sixtieth day following that of the online electronic of the notice to the intermediary. The intermediary, in its turn, accepts receiving the electronic notice by checking the "**Reception of electronic notice of automated check of declaration**" box inserted in the "UNDERTAKING TO ELECTRONICSUBMISSION" square.

The taxpayer may ask that the communications regarding possible irregularities present in the declaration (art. 1, paragraphs 634 -636, of law no. 190 of 2014) be sent to the intermediary tasked with the electronic transmission of the taxpayer's declaration.
The taxpayer makes this request by checking the "**Sending of other electronic communications to the intermediary**" box. The intermediary, in its turn, accepts receiving the aforementioned electronic communication by checking the "**Reception of other electronic communications**" box inserted in the "UNDERTAKING TO ELECTRONICSUBMISSION" square.

Any communication of irregularities regarding the declaration shall at any rate be displayable in the "Tax mailbox" present in the reserved area of the Revenue Agency's electronic services, in which each user qualified for Entratel or Fisconline can consult his or her own tax information.

The taxpayer may draw attention to particular conditions regarding the return by indicating a specific code in the **"Particular situations" box**.
This may be necessary with regard to circumstances which arise subsequent to the publication of this return form, for example following clarifications provided by the Revenue Agency in relation to questions from taxpayers and referring to specific issues.
Therefore, this box may be completed only if the Revenue Agency communicates (for example by means of a circular letter, resolution or press release) a specific code to use in order to indicate the particular situation.

4.1.5 – ENDORSEMENT OF CONFORMITY

This section must be completed for issue of the endorsement of conformity and is reserved for the person in charge of the CAF (Tax Assistance Centre) or to the professional issuing it.
The tax code of the person in charge of the CAF and the tax code of the CAF itself or the tax code of the relevant professional must be inserted in the spaces provided. The person in charge of the CAF tax assistance or the relevant professional must sign to approve issue of the endorsement of conformity pursuant to art. 35 of Legislative Decree no. 241 of 1997.

NOTE: *Please remind that the endorsement of conformity, according to current law and practices, cannot be validly issued in the following cases:*

1) *the professional who issues the endorsement is not registered in the computerised list of licensed professionals of the relevant Regional Directorates;*
2) *the professional who issues the endorsement is enrolled in the above-mentioned list (1) but is not the physical subject who electronically submitted the declaration (signatory of the section "COMMITMENT TO SUBMIT ELECTRONICA DATA");*
3) *The professional who issues the endorsement is enrolled in the list (1) but it is not "linked" to the professional association or to the service provider or to the company among professionals that electronically submitted the declaration;*
4) *The professional who issues the endorsement is enrolled in the list (1) but it is not "linked" to the investee company of the National Council, Order and Board which electronically submitted the declaration;*
5) *in case of CAF, when the subject who issues the endorsement is not the same as the person responsible for fiscal assistance (RAF) of the CAF specified in this section;*
6) *in case of CAF-businesses, when the subject who issues the endorsement is the same as the person responsible for fiscal assistance (RAF) of the CAF specified in this section, but the CAF is not "linked" to the service provider, company, cooperative or consortium that electronically submitted the declaration;*
7) *in case of trade union among entrepreneurs, when the subject who issues the endorsement is not "linked" to the provider, company, cooperative or consortium that electronically submitted the declaration.*

As for point 3), the professional who issues the endorsement of conformity is deemed "linked" to the subject performing the electronic submission of the declaration, when the latter is:

1) *the simple association or partnership established by physical persons with the purpose of jointly performing arts and professions, in which, at least half of the partners includes the subjects under art. 3, paragraph 3, let. a) and b), of the Presidential Decree no. 322/1998 (art. 1, paragraph 1, let. a) of the Decree 18 February 1999);*
2) *the company in charge of accounting services, when more than half of its share capital is owned by the subjects under art. 3, paragraph 3, let. a) and b), of the Presidential Decree no. 322/1998 (art. 1, paragraph 1, let. a) of the Decree 18 February 1999);*

3) the company among professionals (s.t.p. in Italian) under art. 10 of Law 12 November 2011, no. 183, of which, the professional who issues the endorsement of conformity is one of the shareholders;

As for point 4), the professional who issues the endorsement of conformity is "linked" to the subject who electronically submits the return when the latter is the exclusive investee company of national councils, associations of chartered accountants and employment consultants, as well as the corporate members, the corresponding national insurance funds and those exclusively invested by the representative associations of the subjects under art. 3, paragraph 3, let. b) of the Presidential Decree no. 322 of 1998 and related members. This company can be empowered to carry out the electronic submission of the return on behalf of the subjects, who, according to the administration, have the requisites under art. 3, paragraph 3, let. a) and b) of the Presidential Decree no. 322 of 1998, provided that the legal representative of the above-mentioned company, namely the corporate delegated to the submission of the request to be empowered to the electronical service, is one of the subjects under art. 3, paragraph 3, let. a) and b), of the Presidential Decree no. 388 of 1998 (art. 3, Decree of 18 February 1999).

As for point 6), the subject who issues the endorsement of conformity is "linked" with the subject in charge for submitting the return electronically when the subject is:

1) The service provider company whose shares are owned – for more than a half of the share capital - by trade unions among entrepreneurs under art. 32, paragraph 1, let. a), b), c) of the Legislative decree no. 241 of 1997 or, for one hundred percent, by investee service companies for more than a half of the above-mentioned associations (art. 2, paragraph 1, let. a) of the Legislative Decree 18 February 1999);

2) Cooperative or consortium whose members are, for more than a half, partners of the above-mentioned associations (art. 2, paragraph 1, let. a) of the Legislative Decree of 18 February 1999);

3) The consortium or consortium company under art. 2602 and art. 2615-ter of the Civil Code, whose members are, for more than a half, represented by trade unions among entrepreneurs under art. 32, paragraph 1, let. a), b) and c) of the Legislative Decree 9 July 1997, no. 241 and partners of the above-mentioned associations (art. 2, paragraph 1, let. b), of the Legislative Decree of 18 February 1999);

4) The associations under art. 36 of the Civil code established by trade unions among entrepreneurs in which, at least half of the members has the requirements under art. 32, paragraph 1, let. a), b) and c) of the Legislative Decree 9 July 1997, no. 241 and those belonging to the associations under let. c) of the above-mentioned art. 32, paragraph 1, of the same Legislative Decree of 9 July 1997 (art. 2, paragraph 1, let. c) of the Decree of 18 February 1999).

As for point 7), (Resolution no. 103/E of 28 July 2017), the subject who issues the endorsement of conformity is "linked" to the subject in charge who submits the return electronically when the latter is an employee of the company belonging to the kind of companies under art. 2 of the Decree of 18 February 1999, listed below:

1) Service provider companies whose shares are owned – for more than a half of the share capital - by trade unions among entrepreneurs under art. 32, paragraph 1, let. a), b), c) of the Legislative decree no. 241 of 1997 or, for one hundred percent, by investee service companies for more than a half of the above-mentioned associations (art. 2, paragraph 1, let. a) of the Legislative Decree 18 February 1999);

2) Cooperatives or consortia whose members are, for more than a half, partners of the above-mentioned associations (art. 2, paragraph 1, let. a) of the Legislative Decree of 18 February 1999);

3) Consortia or consortium companies under art. 2602 and art. 2615-ter of the Civil Code, whose members are, for more than a half, represented by trade unions among entrepreneurs under art. 32, paragraph 1, let. a), b) and c) of the Legislative Decree 9 July 1997, no. 241 and partners of the above-mentioned associations (art. 2, paragraph 1, let. b), of the Legislative Decree of 18 February 1999);

4.1.6 – SIGNATURE OF AUDITING BODY

The part is reserved for taxpayers who may have the return signed by the body appointed to carry out the accounting audit instead of affixing the stamp of approval.

When the return is signed by the body carrying out the accounting audit, the return is certified as having been verified in accordance with article 2, paragraph 2 of Decree no. 164 of 1999. It is pointed out that if the certification of verification is made in bad faith, the fine provided for by article 39, paragraph 1, letter a), first sentence of Legislative Decree no. 241 of 09 July 1997 applies. In the case of repeated or particularly serious violations the competent authorities are notified so that further measures may be taken.

The following information must be indicated in the fields provided:

– by the auditor entered in the register established at the Ministry of Economy and Finance, in the **Subject** box, **code 1**;
– by the auditing manager (for example, the shareholder or administrator) in the case of an auditing firm entered in the register established at the Ministry of Economy and Finance, in the **Subject** box, **code 2**. In addition a distinct field must be completed with the tax code of the auditing company, taking care to indicate the **code 3** in the Subject box without completing the signature field;
– in the **Subject** box, the **code 4** by the board of statutory auditors, for each member.

The subject carrying out the accounting audit must also indicate his/her own tax code.

4.1.7 – UNDERTAKING TO ELECTRONIC SUBMISSION

The square must be filled in and signed by the assigned subject (intermediaries and group companies) that submits the declaration electronically.
The assigned subject must:
- indicate own tax code number;
- report, in the "**Subject that prepared the declaration**" box, code "**1**" if the declaration was prepared by the taxpayer or code "**2**" if the declaration was prepared by the subject sending it;
- check the "**Reception of electronic notice of automated check of declaration**" box if the subject accepts the taxpayer's choice of having the subject receive the notice regarding the results of the check done on the declaration;
- check the "**Reception of other electronic communications**" box if the subject accepts the taxpayer's choice of having the party receive all communications regarding possible irregularities present in the declaration;
- report the date (day, month, and year) of taking on the commitment to submit the declaration;
- sign.

The "**Reception of electronic notice of automated check of declaration"** and "**Reception of other electronic communications**" boxes may be compiled only by the intermediaries tasked with the transmission of the declaration pursuant to article 3, paragraph 3, of Decree of the President of the Republic no. 322 of 1998.

4.2 FORM

4.2.1 – PART VA - INFORMATION AND DATA RELATING TO THE ACTIVITY

The part is divided into 2 sections: 1) General analytical data; 2) Summary data referring to all activities.
The first section contains some analytical data regarding the activity or activities managed with independent accounting as provided for by article 36 (see paragraph 3.2), while the second summarises all of the activities carried out by each subject.
Usually in the case of a taxpayer who carries out a single activity and in the absence of substantial subjective transformations, the 2 sections must be completed on a single form.
If the taxpayer on the other hand conducts several activities with separate accounts as provided for by article 36 or if during the fiscal year, mergers, divisions or other extraordinary operations, i.e. substantial transformations (inheritance, transfer of the business, etc.) have taken place, the same number of forms must be submitted and copies of **section 1** completed as there are separate activities, i.e. companies participating in the merger, division, etc., while **section 2** must be completed once only for each subject, indicating the summary of the details for each subject.
In the case of completion of several forms, these must be numbered in progressive order, filling in the relevant field at the right top of the page.

SECTION 1 - General analytical data

Line VA1 in the event of a merger, division, conferment and transfer of the business or other extraordinary transactions, or substantial subjective transformations occurring during the course of the year, the VAT registration number of the person transformed (incorporated or division company, person conferring or ceding the business) must be indicated by the declarant taxpayer in the form (or forms in the case of separate accounts) used to indicate the data relating to the activity carried out by the said person in the period preceding the transformation. In addition to this, in the same form, the declarant must cross **box 2** if the person transformed continues an activity which is relevant for VAT purposes.
Box 3 must only be crossed by the assignor, in the first form, if he presents several forms in the case of separate accounts, to communicate that he has taken part, during the year, in extraordinary transactions or other substantial transformations (partial division, conferment, transfer or donation of a branch of the company).
Field 4 must be completed to indicate the credit resulting from the 2018 annual VAT return, transferred wholly or in part following the extraordinary operation.
Field 5 must be filled in by non-resident persons when they operated in Italy, making use, in the same year, of the system of tax representation and subsequently of the system of direct registration or vice versa, indicating the VAT number of the system which is no longer adopted (see paragraph 2.3 letter C).
The same field must also be filled in if the transfer from one system to another occurred between January 1 and the date of presentation of the VAT return.

Line VA2 must indicate the activity code taken from the classification table of economic activity in force at the time the declaration is submitted. Please note that the table may be consulted at the Offices of the Revenue Agency and is also available on the website of the Revenue Agency **www.agenziaentrate.gov.it** as well as on that of the Ministry of the Economy and Finance **www.finanze.gov.it**. Where more than one activity is carried out with combined accounting, the code relating to the main activity with reference to the business turnover during the tax year must be specified in the single form.

If several activities are carried out with separate accounts, as provided for by article 36, the relevant activity code must be specified in each form.
If data relating to several activities are included on the same form, it is necessary to indicate the code relating to the main activity on the said form.
In this regard, it is pointed out that the indication of the main activity code not previously communicated or communicated incorrectly, together with the alterations to the data to be effected at the offices of the Revenue Agency by the due date for the presentation of the annual return, precludes the imposition of penalties.

Line VA3 the box must be crossed by official receivers and court-appointed liquidators if the form refers to transactions recorded during the part of the calendar year prior to the declaration of business failure or of compulsory administrative liquidation.

Line VA4 this line is reserved for savings management companies as provided for by Decree Law no. 351 of 2001 to indicate, in the form relating to the activity of each fund managed, the name and identification number assigned by the Bank of Italy to the fund itself (see also instructions for part VD).
Field 3 must be completed if management of the fund is substituted from one savings management company to another during the tax year, indicating the VAT registration number of the substituted savings management company.

Line VA5 must be completed by taxpayers who during the fiscal year have made carried out purchases and imports of terminal devices for public terrestrial mobile radiocommunications services (so-called cellular phones) and related operator service charges, for which the amount paid has been deducted at a rate of more than 50%. Completion of the line is also required on the part of taxpayers whose actual deduction is then reduced as a result of the existence of limitations on the deduction due to the carrying out of operations exempt from or not subject to VAT (for example pro-rata deduction).
Indicate in columns 1 and 3, respectively, the total taxable amount of purchases, including purchases made through leasing agreements, of imports of telephone devices and of operator services, and in columns 2 and 4 the total amount of tax deducted.

SECTION 2 - Data summary relating to all activities carried out

Tax concessions for exceptional events
Line VA10 reserved for taxpayers who have legitimately benefited during the tax period, for VAT purposes, from tax concessions provided for by special enactments issued in the wake of natural disasters or other exceptional events.
Taxpayers concerned must indicate the corresponding code in the relevant box, taken from the "Table of exceptional events" (see Appendix under the entry "Persons affected by exceptional events").

Conforming to the parameters for 2017
Line VA11 must be completed exclusively by taxpayers whose business turnover for the tax year **2017** was in line with the results of the parameters.
In the line the greater amounts (column 1) and the tax paid using form F24 - tax code 6493 (column 2) must be indicated.
The greater taxable amount and the relevant tax payable must not be indicated in part VE, insofar as they do not refer to 20178, but the preceding year.

Line VA12 is reserved exclusively for bodies or companies who adhered, in the previous year (or years), as controlling companies, to the procedure of liquidation of group VAT as provided for by the Ministerial Decree of 13 December 1979. If the group payment procedure is in fact not renewed during the following year (this should be intended as a tacit renewal since the options exercised from 2017 are valid until suspension) with reference to the controlling company itself or if the procedure ceased during the year of control, any surplus group credit for which a refund has not been requested may be carried over for deduction in periodic payments made following the date of discontinuation of the group (see Circular no. 13 of 5 March 1990).
If such group credit surplus is not fully set-off during the year following cessation of control, or during the current year if the group is discontinued before the end of the year, it may be set-off and guaranteed in subsequent years until such time as there is complete settlement of the entire credit deriving from the group, subject to the indication of the amount set-off in line **VA12** of the return relating to the year of use of the credit.
The same line must also be completed in the special circumstances in which a company outside the group, incorporated a controlling company in 2018, with the consequent discontinuance of the group in the course of the year, in order to indicate the surplus group credit (resulting from the VAT summarizing prospectus VAT 26 PR part VY of the return of the ex-controlling incorporated company) which has been set-off in 2018 by the incorporating company and for which the said company must provide guarantees as provided for by the Ministerial Decree of 13 December 1979.
If on the other hand, the group payment procedure continues until the end of the year with separate accounts, in accordance with resolution n. 363998 of 26 December 1986, the credit acquired by the incorporating company beginning from January 1 of the year following the incorporation, must be indicated in line **VA12** of the return relating to the year in which the credit was used, for the part set-off and therefore to be guaranteed.

Line **VA12** must indicate:
– the year to which the credit deriving from the group refers;
– the amount of such credit which has been set-off in 2018 and for which the guarantees as provided for in article 6, 3rd paragraph, of the Ministerial Decree of December 13, 1979 must be given.
It is pointed out that article 13 of the Legislative Decree no. 175 of 21 November 2014 replaced article 38-bis, by significantly innovating the discipline pertaining the application of VAT refunds and especially removing the general obligation to provide the guarantee (see Circular no. 32 of 30 December 2014). As clarified by circular no. 35 of 27 October 2015, the provisions contained in the new article 38-bis also apply to the payment of group VAT.

Operations carried out in relation to condominiums
Line VA13 the total amount of operations carried out by firms and other taxpayers in relation to condominiums, excluding water, electricity and gas supply as well as operations which have led to the collection of payments subject to deduction at source (withholding tax) (article 1, paragraph 2, letters a) and b) of the Ministerial Decree of 12 November 1998).

Flat rate tax regime for subjects carrying on business activities, arts and professions as provided by article 1, paragraphs 54 to 89, of Law no. 190 of 2014.

Line VA14 must be completed by taxpayers who starting from the tax period following the one to which this declaration refers intend to make use of the specific regime governed by article 1, paragraphs 54 to 89, of Law no. 190 of 23 December 2014. In particular, **box 1** must be crossed to indicate that this is the most recent annual VAT return prior to application of the exemption regime.
It is pointed out that the contingent tax due as a result of the rectification of the deduction provided by article 1, paragraph 61 of Law no. 190 of 2014, shall be included in line VF70, reserved to the rectifications of the deduction regulated by article 19-bis2.

Line VA15 reserved for non-operating companies, pursuant to article 30 of Law no. 724 of 23 December 1994, i.e. companies operating at a systematic loss as provided for by article 2, paragraphs 36-decies and 36-undecies of Decree Law no. 138 of 13 August 2011, This line must also be completed by companies which during the tax period have participated in group VAT payment. The box must be completed with the code corresponding to the following situations:
- “1” dummy company for the year to which the return applies;
– “2” dummy company for the year to which the return applies and for the previous year;
– “3” dummy company for the year to which the return applies and for the previous two years;
– “4” dummy company for the year to which the return applies and for the previous two years and which has not carried out significant operations for VAT purposes not less than the amount derived from the application of the percentages set out in article 30, paragraph 1, of Law no. 724 of 1994.

It is pointed out that for companies and bodies considered dummy companies the input VAT resulting from the annual return may not be used as set off in Form F24 (cases indicated with codes 1, 2 and 3).
With regard to the case indicated by the code 4, as set out in Circular no. 25 of 04 May 2007, the provision contained in the final sentence of paragraph 4, article 30 of Law no. 724 of 1994 regarding permanent loss of the annual tax credit, applies.
In any case, taxpayers who indicate the code 4 and an annual tax credit must complete line VX2, field 1 (or line VX8 in case of participation in a Group VAT liquidation for the whole year).

Line VA16 should be filled from tax-payers who, starting from the fiscal period following the one referred in this return, enter in a VAT Group under art. 70-bis and followings. **Box 1** should be crossed to declare that this is the last annual return before entering the VAT Group.

4.2.2 - PART VB – Data relating to identification details of financial relations

This part is reserved to subjects who want to avail of what provided by article 2, paragraphs 36-vicies ter, of Decree-Law no. 138 of 13 August 2011. In particular, in line VB1 to VB7, identification details of relationships with financial operators shall be reported, as provided by article 7, paragraph 6, of Presidential Decree no. 605 of 1973 (for example banks, companies of Poste Italiane s.p.a., etc.) existing during the tax period of the hereby return. As provided for by article 2, paragraph 36-vicies ter, of Decree Law no. 138 of 13 August 2011, converted into law with amendments by Law no. 148 of 14 September 2011, for subjects carrying on businesses or arts and professions with declared revenues of not over 5 million euros, who for all asset and liability transactions made while conducting their business use exclusively payment instruments other than cash and who in declarations
relating to income tax and value-added taxes indicate the details identifying their relations with financial operators as provided for by article 7, sixth paragraph, of Presidential Decree no. 605 of 29 September 1973, the administrative

penalties set out in articles 1, 5 and 6 of Legislative Decree no. 471 of 18 December 1997 may be reduced by half.

In particular, the following should be indicated:
- the tax code of the financial operator issued by the Italian financial Administration (**column 1**) or, if this is not available, the foreign tax identification code (**column 2**);
- in **column 3**, the name of the financial operator;
- in **column 4**, the type of relation, using the codes provided in the table below (see the provision issued by the Director of the Revenue Agency of 20 December 2010):

TABLE OF CODES

01	Current account
02	Securities and/or bond deposit account
03	Free/Restricted savings deposit account
04	Fiduciary relationship pursuant to Law no. 1966/1939
05	Collective asset management
06	Asset management
07	Certificates of deposit and savings certificates
08	Portfolio
09	Individual/Global third-party account
10	After collection
11	Unavailable transferred securities
12	Safe deposit boxes
13	Closed deposits
14	Hedging contracts
15	Credit/Debit cards
16	Guarantees
17	Credits
18	Loans
19	Pension funds
20	Compensation agreement
21	Pooled financing
22	Company holding
98	Non-account transaction
99	Other relation

If there are not enough lines to indicate relations with financial operators, another part VB must be completed, indicating “02” in the field “Form no.” and so on.
Similar compilation procedures must be adopted in the presence of extraordinary operations.
It is pointed out that the completion of several forms because of the inclusion of multiple parts VB does not change the number of forms comprising the return to be indicated on the front cover.

4.2.3. – PART VC - EXPORTERS AND ASSOCIATED OPERATORS - PURCHASES AND IMPORTS WITHOUT THE APPLICATION OF VAT

Part VC must be completed by taxpayers who make use of the entitlement to purchase goods and services and import goods without the application of VAT, provided for subjects who carry out export sales, associated operations and/or international services and intra-community operations.
The part must be completed indicating the data specified by article 10 of the Presidential Decree number 435 of 07 December 2001.
It is pointed out that with regard to the use of the ceiling, registration of purchase invoices or customs bills of entry are not to be considered, but rather the moment of the purchases as provided for by art. 6, unlike the completion of line VF14 which refers exclusively to the moment of registration of the purchase transaction.
As a result of the regulations set out in article 10 of Presidential Decree number 435 of 2001, taxpayers who have adopted the calendar method for the calculation of the ceiling must also complete the individual lines separately for each month, in addition to indicating the total amount.
The section consists of **six columns** in which, for each month, in **lines from VC1 to VC12**, the following data must be specified:

– **column 1:** amount of the ceiling used for purchases in Italy and intra-community purchases;
– **column 2:** amount of the ceiling used for imports of goods.

In the case of transfer of the benefit of use of the ceiling, for example business leasing or sale of business, columns 1 and 2 must be completed by the transferee company starting from the date of use of the ceiling received;
– **column 3:** business turnover, subdivided by month, relating to the 2018 tax year. It is pointed out that the column must be completed indicating the monthly amount of operations carried out, excluding those set out in article 21, paragraph 6 bis. Such operations, in fact, count towards the calculation of turnover but must not be considered for the purpose of verification of the status of customary exporter;
– **column 4:** amount of all export sales, associated operations and/or international services, intra-community operations, etc., carried out monthly, in the same tax period 2018.

Columns 3 and 4 must be filled in by all taxpayers who used the ceiling in 2018, regardless of the method of calculation followed, while the data referred to in columns 5 and 6 must be indicated only by taxpayers who during 2018 carried out purchases and imports using a ceiling related to by tax concessions during the 12 preceding months and also for the purpose of monthly auditing of the existence of the status of exporter aided by tax concessions, during 2018, as well as the availability of the ceiling in each month;
– **column 5:** business turnover subdivided by month, for 2017. It is pointed out that the column must be completed indicating the monthly amount of operations carried out, excluding those set out in article 21, paragraph 6 bis. Such operations, in fact, count towards the calculation of turnover but must not be considered for the purpose of verification of the status of customary exporter;
– **column 6:** amount of export sales, associated operations, international services, intra-community operations, etc., carried out monthly, also in 2017.

Line VC14 must indicate the availability of the ceiling at 1 January 2018 or at the date of transfer of the benefit of the use in cases, for example, of business leasing or sale.

This amount is valid for a year for those who use the calendar year ceiling, which obviously diminishes with the carrying-out of individual purchases during the course of the same year, and is valid only for January 2018 for taxpayers who use the monthly ceiling, pending the specific calculation that such a method entails.
For the purposes of highlighting which method has been adopted for the calculation of the ceiling during 2018, the taxpayer must cross **box 2** of line VC14, in the case of calculation relating to the previous year (calendar method), or **box 3** if the calculation is made in relation to the preceding twelve months (monthly method).

Settlement in the event of use of the ceiling beyond the available limit. Taxpayers who, on the basis of instructions given in circular letter 50/E of 12 June 2002, have taken steps to regularise operations for which a declaration of intent has been issued beyond the limit of the available ceiling through the **issue of a self-invoiceand** with the subsequent payment of the tax, using form F24 and indicating the tax code of the period in which the purchase was erroneously made without the application of VAT, must indicate the amount of the tax thus regularised in line VE25 and include the payment in line VL30 in fields 2 and 3. For deduction purposes, the taxable amount and the tax resulting from the self-invoice mentioned above, must be indicated in part VF in the line corresponding to the tax rate applied. Consequently the amount of the invoice of the supplier or the customs bill of entry respectively made out or issued under a non-taxable regime must not be indicated in line VF14. In the case of settlement of the use of the ceiling beyond the available limit by means of a **request to raise** the ceiling as provided for by article 26, for deduction purposes, the taxable amount and the tax resulting from the invoice issued by the supplier or service provider must be indicated in part VF in the line corresponding to the tax rate applied and, con-sequently, the amount of the invoice previously issued under a non-taxable regime must not be indicated in line VF14 (with regard to the procedures that may be used to control said violation as reported in resolution no 16/E dated 6th February 2017).

4.2.4 – PART VD - TRANSFER OF VAT CREDIT BY SAVINGS MANAGEMENT INSTITUTIONS (ARTICLE 8 OF DECREE LAW 351/2001)

Article 8 of Decree Law number 351 of 25 September 2001 converted by Law number 410 of 23 November 2001 makes provision for savings management institutions to transfer the credit arising from annual VAT returns, as well as in terms of article 43-bis of Presidential Decree number 602 of 29 September 1973, also under the conditions and within the limits set out in article 43-ter of the same decree.
The current part must be used by both savings management institutions in order to indicate the VAT credit resulting from the present return, transferred wholly or in part to other persons as provided for by the said article 8, paragraph 2 of Decree Law number 351/2001, and in the manners set out by the said article 43-ter of Presidential Decree 602 of 1973, and by transferees, belonging to the same group as defined by the said article 43-ter, to whom such credits are transferred.
The due completion of the part by the transferring party is a condition for the transfer of the credit concerned to be effective, in accordance with paragraph 2 of article 43-ter, of Presidential Decree 602 of 1973 and the transferee acquires the entitlement to the credit received upon presentation of the return by the part of the transferor. The credits re-

ceived can be used as a set off by the transferee, as provided for by article 5 of Presidential Decree number 542, of 14 October 1999, with effect from the beginning of the tax period subsequent to the one in which they became available to the transferor (1st January 2019 if, for VAT purposes, the tax period coincides with the calendar year). Moreover such credits constitute an amount to be used for deduction of periodic or annual payments, following the payment of the amount due (see Circular no. 47 of 2003).
As described by Circular no. 28 of 2014, in order to use as set off credits higher than 5,000 Euro and generated by other subjects the certification of conformity is required or the signature by the control authority both in the transferor statement and in the statement of the subject who uses the credit received.

SEZIONE 1 – Transferring company - List of transferee companies or organisations

Line VD1 indicate the total of the amounts in column 2. This amount must coincide with that indicated in line VL37.
The transferring savings management institution must indicate in lines from **VD2** to **VD21:**
– **column 1,** the tax code of the transferee;
– **column 2,** the amount transferred.
If 20 lines are not sufficient to indicate all credits transferred, another part VD must be used, indicating "02" in the field "Form no.", and so on. The total (line VD1) must be indicated only in form "01".

SECTION 2 - Transferee organisation or company - List of transferor companies

The transferee organisation or company must indicate in lines from **VD31** to **VD50**:
– **column 1,** tax code of the transferor;
– **column 2,** the amount of credit received.
If 20 lines are not sufficient, another part VD should be used, indicating "02" in the box "Form N." and so on. If this is the case, lines from VD51 to VD56 must only be completed in form "01".

In **line VD51,** the total of the amounts from column 2 should be indicated.

In **line VD52,** the surplus credit from line VD56 must be indicated (return related to the tax year 2017).

In **line VD53**, the sum of the amounts stated in lines VD51 and VD52 must be indicated.

In **line VD54**, that part of the amount stated in line VD53 which is used to reduce VAT payments, related to the present return, must be indicated. This amount should be included in line VL28. The part used to lessen the VAT debt appearing from this return must be indicated in line VL35.

Line VD55 must reflect that part of the amount stated in line VD53 which is used, before the date of submission of the return, to set off amounts due in respect of other duties, contributions or premiums, and stated in the column "credit amounts set off " of F24 the payment form.

In **line VD56**, that part of the amount in line VD53 which remains after the uses indicated in lines VD54 and VD55 should be indicated.

The filling in more than one part entitled 'VD' does not alter the number of forms that make up the return, to be indicated on the front cover.

4.2.5. – PART VE - CALCULATION OF BUSINESS TURNOVER AND THE TAX RELATIVE TO THE TAXABLE OPERATIONS

The section is divided into five parts: 1) Contributions of agricultural products and transfers by exempt agriculturalists; 2) Taxable agricultural operations and taxable commercial or professional operations; 3) Total taxable amount and tax: 4) Other operations; 5) Business turnover.
In part VE, all the operations carried out within the State and within the territory of the European Union and the exportations to countries outside the European Union, and the operations for which a proper invoice was issued must be included, subdivided by rates and taking into account the variations pursuant to art. 26.
In the specific case of taxpayers who have recorded operations subject to VAT with VAT rates or set-off percentages that are no longer present in part VE, they must calculate the taxable amounts for these operations in the line corresponding to the rate closest to the one applied, calculating the corresponding taxes, and then include the (positive or negative) tax difference in line VE25 among the adjustments. In parts VE and VF, some amounts could turn out to have a negative value following variations carried out during the tax year that could lead to reductions. In this case, indicate a minus sign (–) in front of the relevant amounts (within the fields).
It is pointed out that in the Appendix, in the section on “Agriculture”, a special summary form has been added to guide the various types of agricultural producers (exempt or not) in completion of the VAT return.

Taxpayers who have made use of the exemption from the obligations referred to in art. 36-bis, and who have also carried out taxable operations in 2019, are obliged to indicate these operations in part VE, as well as exempt operations referred to in no.s 11, 18 and 19 of art. 10, which in any case are subject to invoicing and registration.

Taxpayers who, from the 2018 tax year, make use of the beneficial tax regime regulated by article 1, paragraphs 54 to 89 of Law no. 190 of 23 December 2014 must take into account in this return the tax payable in relation to operations carried out vis-à-vis the State and other subjects as indicated in the fifth paragraph of article 6 and to operations carried out in accordance with article 32-bis of Decree-Law no. 83 of 2012, and for which the tax has not yet become payable (article 1, paragraph 62, of Law no. 190 of 2014).
These operations must be indicated in the lines on the rates applied and, if they have contributed to the calculation of the business turnover of the previous years, the relevant taxable amount must be indicated in line VE39.

SECTION 1 – Conferring of agricultural products and transfer by exempt agriculturalists (in the case of the limit being exceeded by more than a third)

Section 1 is reserved:
- for agriculturalists who have transferred goods to entities, co-operatives or other associated entities (as well as the transfer of goods from co-operatives to their own consortia); in terms of article 34, paragraph 7, with the application of flat-rate set-off percentages (cp. circular letter 328, 24 December 1997, paragraph 6.6)
- for exempt agriculturalists referred to in article 34, paragraph 6, i.e. those who, in the previous year, did not exceed the business turnover threshold of 7,000 Euro, who find, at the end of the year, that they have exceeded the one-third limit, envisaged for transactions other than the sale of agricultural and ichthyic products, listed in Table A, first part, enclosed with Presidential Decree 633/72. As provided for in circular letter 328/E of 24 December 1997 (paragraph 6.7.2), for those who, at the end of the calendar year, discover that they have exceeded, by a third, the limit laid down for operations different from transfers of agricultural and ichthyic products, the application of tax rates that correspond to set-off percentages related to the assignments of agricultural products, and of the rates related to different operations (the latter to be indicated in section 2), remains the same for the entire calendar year.

Calculation of taxable amount

In the first column, the amounts related to taxable operations must be indicated, separated according to tax rate (corresponding to set-off percentages, provided for by the Ministerial Decrees of 12 May 1992, of 30 December 1997, of 23 December 2005 and of 2 February 2018) that result from the register of invoices issued (art. 23) and/or from the considerations register (art. 24), bearing in mind the variations as per article 26 registered for the tax period.
Taxpayers who use the register of invoices will take the taxable amounts from this register, already sub-divided according to tax rate, and indicate them in the column for taxable amounts, corresponding to the relative tax rate (printed on the form).
Regarding the accounting related to considerations with VAT incorporated, it should be remembered that agriculturalists, for the sale of their own products, whether from crops or from raising animals, towards private consumers, can make use of provisions referred to in article 22 and 24, regarding, respectively, the fact that it is not necessary to issue an invoice if the customer does not request it, and the recording of total daily takings in the considerations register.
For such operations, the total amount, net of the VAT included therein, must be calculated using the methods illustrated in the Appendix, under the entry "Taxpayers who use the considerations register".
The taxable amount thus determined should be indicated in the column of taxable amount, corresponding to the tax rate printed on the form, rounded to the nearest Euro.

Lines from VE1 to VE11 in these lines, in correspondence with the tax rates printed on the form, the amounts related to operations for which tax turned out to be payable in the year 2018, noted or to be noted in the register of invoices issued (art. 23) and/or in the considerations register (art. 24), and taking into account the variations referred to in article 26, recorded for the same year, must be indicated. The tax should be calculated by multiplying each taxable amount by the corresponding flat-rate set-off percentage.

SECTION 2 – Taxable agricultural operations and taxable commercial or professional operations

Section 2 must be filled in:
- by all taxpayers who carry out commercial, artistic or professional activities;
- by all agricultural producers (both in the special regime and in the ordinary regime opted for) for all the sales of agricultural and ichthyic products referred to in paragraph 1, art. 34 carried out in the year 2018 for which the tax rates laid down for the individual goods become applicable.

In this section, the so-called **mixed agricultural businesses** (article 34, paragraph 5) must also indicate the sales of goods that are different from those from the agricultural or ichthyic sectors referred to in Table A enclosed with Presidential Decree 633/72, as well as any services carried out, that fall outside the sphere of application of article 34-bis.
It is to be remembered that the above-mentioned operations carried out by exempt agriculturalists who exceeded the one-third limit must also be indicated in this section.
It is also to be remembered that the concept of taxable operations that are different from the ones indicated in the first paragraph of article 34, include those operations that are carried out by the agricultural producer in the environment of

his own agricultural business, but are of an accessorial nature compared to the core productive activity, for example, the sales of agricultural products included in the second part of Table A, the sale of agricultural products purchased from third parties at an equal or higher level to those coming from their own beds, woods or livestock, to improve the quality of the goods produced (for a correct definition of these different operations see "Agriculture" in the Appendix).
Naturally, cases which are not covered by the norm referred to in the fifth paragraph of article 34, are regulated by the provisions laid down in article 36 for the purposes of separate accounting (see circular letter n. 19, 10 July 1979, Director General of Taxes).

It is to be noted that taxpayers who make use of a reduction of the taxable base **(publishers)** must indicate, in part VE, the taxable amount related to the operations after the due reduction has been already considered.

In addition, the section must include that part of payments taken to be the taxable base for sales of goods for which deductions for their purchase or import has been limited by virtue of the provisions of article 19-bis1 or of other provisions (for example motor vehicles). For these sales the taxable base, pursuant to article 13, final paragraph, is calculated by applying to the payment the deductible percentage used at the moment of purchase.

The salary and insurance reimbursements that the subject who employs temporary contractors is obliged to pay to the provider company, which, in turn, pays such reimbursements to the contractor, should be deemed as non-included in the VAT tax base under art. 13 (art. 7, law 13 May 1999, no. 133), see also Resolution no. 384/E of 12 December 2002.

Taxpayers who use the register of invoices issued should take from the taxable amounts from that register, already sub-divided by tax rate, and indicate them in column 1, in lines from VE20 to VE23, corresponding to the relative tax rates printed on the form.
Retail dealers and other taxpayers referred to in article 22, for which the issuing of invoices is not obligatory if not requested by the purchaser, must calculate the total amount of the operations, net of the VAT included therein using the methods illustrated in the Appendix, under the entry "Taxpayers who use the considerations register".

Calculation of taxable amounts

Lines from VE20 to VE23 in these lines, the following must be indicated:
- in the first column, the amounts of the taxable operations, separated according to tax rate, for which the tax for the year 2018 is due, already recorded or to be recorded in the register of invoices issued (art. 23) and/or from the register of considerations (art. 24), and taking into account the variations as referred to in article 26, recorded for the same year;
- in the second column, the totals of the relative tax.

NOTE: *in these lines, the following must also be included: amounts relative to sales made, with tax applied, to parties residing or domiciled outside the European Union, according to* ***article 38-quater, second paragraph,*** *for which, in the tax year, the purchaser has not given the seller the copy of the invoice endorsed by the Customs Office at the exit point from European Community territory. In cases where the purchaser has given the transferor, the invoice endorsed by the Customs Office at the exit point from European Union territory by the end of the fourth month after the operation and in the tax year, the transferor must add a negative variation, equal to the adjusted tax amount, to line VE25, so as to make up for the VAT (in this case the relative tax amount must not be included in part VF). In cases where the return of the invoice happens after 31.12.2018, the same negative variation is to be indicated in the corresponding line of the tax return form for the year 2019.*
For sales carried out according to ***article 38-quater, first paragraph,*** *without the application of tax, to be included among the non-taxable operations referred to in line VE32, for which the invoice endorsed by the Customs Office at the exit point from European Union territory has not been returned to the transferor, by the end of the fourth month after the operation, the transferor will have to indicate the increase by the end of the following month, equal to the tax to be applied, in line VE25, so as to highlight the relative VAT output. If the due date should fall after 31.12.2018, the same increase is to be indicated in the corresponding line of the tax return form for the year 2019.*
Please remember that, starting from 1 September 2018, the issue of the invoices related to the supply of goods under the above-mentioned art. 38-quater, should be performed by the supplier electronically. In case the visa is affixed at a national exit point, the evidence of the goods exit is not provided by the stamp affixed on the tax document on behalf of the exit custom officers, but by the digital visa code (see Resolution between the Custom Agency and the Revenue Agency of 22 May 2018).

SECTION 3 – Total taxable amount and tax

Line VE24 in this line, the total of the taxable amounts and taxes should be indicated: these are determined by summing the totals indicated in **lines** from **VE1 to VE11** and from **VE20** to **VE23**, respectively from the column of taxable amounts and of the column for taxes.

Line VE25 in this line, the variations and rounding off of tax amounts relative to the operations referred to in lines from VE1 to VE11 and from VE20 to VE23 should be indicated.
The tax indicated in line VE24 can be different from the total tax presented in the register of invoices issued or the re-

gister of considerations.
Such a possible difference derives from the following elements:
– rounding off of tax done in invoices (article 21, paragraph 2, letter l);
– tax indicated in the invoices that is higher than the real figure (article 21, paragraph 7), of which the decrease has not been noted;
– rounding offs to the nearest Euro in the return.
Furthermore, in this line, positive or negative variations in tax, recorded in the year 2018 and relative to operations recorded in previous years, must be indicated.
This line should also include the total VAT used for the settlement of the so-called use of a ceiling (cp. notes in part VC).
Such a difference should be indicated in line VE25 with a plus sign (+) inside the field if the total tax deriving from the register is higher than the total calculated, or with a minus sign (-) if the opposite is the case.

Line VE26 - in this line, the total VAT relative to taxable operations should be indicated: this amount is obtained by increasing or decreasing the total reflected in line VE24 by the sum of the positive or negative variations set out in line VE25.

SECTION 4 - Other operations

Section 4 must include all operations which are different from those indicated in sections 1 and 2 above.
Line VE30 indicate, in **field 1**, the total of exports and other non-taxable operations which contribute to the formation of the ceiling as provided for by art. 2, paragraph 2, of Law no. 28 of 18 February 1997. To determine which operations to indicate in this line, see the Appendix under “Exports and other non-taxable operations”, “Intra-community operations and imports” and “Used goods”.
Divide the amount in field 1 in the following fields:
– **field 2** the sum of exports of goods during the year as provided for by art. 8, first paragraph, letters a), b) and b-bis), including also:
• sales to purchasers or their commission agents made through transport or shipment of goods outside the territory of the European Union by or on behalf of the seller or commission agents;
• sales of goods collected from a VAT deposit with transport or shipment outside the territory of the European Union (art. 50-bis, paragraph 4, letter g) of Decree Law no. 331/1993);
– **field 3** the total sum of intra-community sales of goods, taking into account adjustments as per article 26, entered in the records of invoices issued (article 23) or in the records of payments for supplies received (art. 24);
– **field 4** the total of all sales of goods made to San Marino customers.
– **field 5** the total sum of operations treated as supplies for export.

Line VE31 please indicate the total of the non-taxable operations, carried out as regards exporters who have issued their declaration of intent. The data contained in the received declarations of intent must be indicated in Part VI.

Line VE32 please indicate the total of other operations qualified as non-taxable (to help identify such operations, consult the Appendix, under the headings "Exports and other non-taxable transactions" and "Used goods").
In addition to this the representing intermediaries must include, in this line, the fees paid to them by travel agencies for services rendered among European Community (art. 7 of Ministerial Decree 30.07.1999, number 340, cp. circular letter 328 of 24.12.1997).
The operations indicated in line **VE32** do not contribute to the formation of the ceiling.

Line VE33 indicate the total of exempt operations as referred to by article 10.
Taxpayers affected by exemption from the obligation to register and issue invoices for, the exempt operations in the year 2018, as provided for by article 36-bis, must indicate in this line only the operations referred to in numbers 11, 18 and 19 of article 10, for which the obligation to issue invoices and of registration holds.

It is pointed out that the carrying out of operations exempt from VAT entails necessitates the completion of section 3-A in part VF. If, on the other hand, the exempt operations indicated in the current line are carried out on a purely occasional basis or solely relate to the operations provided for by numbers 1 to 9 of article 10 which do not fall within the normal sphere of activity of the business or are accessory to taxable operations, only line VF60 must be completed.

Line VE34 report the sum of the operations exempt from VAT because they do not meet requirement of territoriality, as regulated by articles 7 to 7-septies and for which relevant invoice was issued as provided by article 21, paragraph 6-bis. Such operations, in fact, count towards the calculation of turnover (see Circular no. 12 of 2013). In order to correctly determine the tax admitted as deduction it is worth to remember that article 19, paragraph 3, letter b), acknowledges the deduction with reference to operations exempt from VAT that, if occurring in the State territory, would give right to deduction (see instructions to compile line VF20 and line VF34 for individuals obliged to determine deductible proportion)

Line VE35 indicate, in **field 1**, the sum of operations carried out with application of reverse charge, specified separa-

tely in the following fields:
– **field 2** domestic sales of scrap and other salvage materials as referred to in article 74, paragraphs 7 and 8, for which VAT is to be paid by the seller not subject to tax. The field must also indicate the transfers of pallets recovered for use cycles following the first. You must also include provision of services associated with contracts, tenders and such the object of which is the transformation of non-ferrous scrap. Sales of the aforementioned goods made to private consumers are in contrast subject to VAT in accordance with ordinary rules, and therefore must be included exclusively in section 2 of part VE (for further information see Appendix under the entry “Scrap”);
– **field 3** sales of investment gold which have become taxable as a result of the choice made and the related services of intermediation carried out in national territory towards taxable entities, in addition to the amount of transfers of gold other than investment gold and of pure silver, made to subjects not liable to tax (for further details see Appendix, “Transactions relating to gold and silver”);
– **field 4** services rendered in the construction sector by subcontractors but not taxed pursuant to article 17, paragraph 6, letter a).
– **field 5** sales of buildings or parts of buildings for which tax is payable by the seller, in accordance with article 17, paragraph 6, letter a-bis);
– **field 6** sales of cellular phones for which the tax is payable by the seller, as provided for by article 17, paragraph 6, letter b);
– **field 7** sales of gaming consoles, tablet PCs and laptops, as well as integrated circuit devices, such as microprocessors and central work units, before their installation in products destined for final consumers, for which the tax is due from the dealership, under article 17, paragraph 6, letter c);
– **field 8**, rendering of services of cleaning, demolition, installation of systems, and completion with regard to buildings for which the tax is owed by the transferee, pursuant to article 17, paragraph 6, letter a-ter);
– **field 9**, operations in the energy sector for which the tax is owed by the transferee, pursuant to article 17, paragraph 6, letters d-bis), d-ter), and d-quater).

Line VE36 indicate the net amount of non-taxable operations, carried out in the application of certain concessionary norms towards earthquake victims and associated persons.

Line VE37 indicate **in field 1** the overall amount of operations **carried out during the year with VAT payable in subsequent years**. The operations in question:
– carried out with regard to the subjects pursuant to article 6, fifth paragraph;
– eare carried out in accordance with article 32-bis of Decree Law no. 83 of 2012 (VAT cash accounting scheme). These operations must also be shown separately in **field 2**.
The operations as per this line and the tax therefore must be included in the first two sections of Part VE.

Line VE38, indicate the transfers of goods and the rendering of services performed with regard to public administrations and other subjects referred to in art. 17 paragraph 1 bus and for which the tax must be paid by the buyer and assignee following applications of the provisions con-tained in the afoementioend article 17-ter.

Line VE39 in order to decrease the business turnover, the total amount of operations which contributed to the business turnover of the year or previous years, and for which in the year 2018 the tax has become payable, must be included (without a preceding “minus” sign).
Such operations must also be indicated, in correspondence with the rate applied, in lines from VE1 to VE11 and lines from VE20 to VE23, for the sole purpose of the calculation of tax payable for the current year.

Line VE40 operations (net of VAT) which are not a part of the business turnover must be indicated. In terms of the provisions of article 20, these relate to the transfers of depreciable goods and internal transfers as referred to in article 36, final paragraph. **This amount decreases the business turnover during the year**.
It should be noted that the transfers of depreciable goods carried out in the sphere of special marginal schemes provided for the sale of used goods, antiques, etc., do not constitute a part of business turnover. In such a case, in this line, the receipt from sale must be diminished by the tax payable in relation to the "analytical" margin calculated for each transfer.

SECTION 5 - Business turnover

Line VE50 *business turnover* calculated by adding together the amounts indicated in lines VE24 column 1, lines from VE30 to VE38 and subtracting the amounts indicated in lines VE39 and VE40.

4.2.6. – PART VF - LIABILITY OPERATIONS AND ADMISSIBLE DEDUCTIBLE VAT

The part consists of four sections: 1) The total amount of purchases made within the territory of the State, of intra-community purchases and imports; 2) The total of purchases and imports, total tax, intra-community purchases, imports and purchases from San Marino; 3) Calculation of admissible deductible VAT; 4) Admissible deductible VAT.
In this part, one must include the taxable amount and the tax relating to goods and services purchased and imported as part of ordinary business, art or profession, resulting from invoices and customs bills of entry for imports recorded

in the purchases register 7(as referred to in article 25) or in other registers provided for with regard to legislation provisions made for special regimes, taking into account variations referred to in article 26 recorded in the same year.
In the specific case of taxpayers who have recorded operations subject to VAT with VAT rates or set-off percentages that are no longer present in part VF, they must calculate the taxable amounts for these operations in the line corresponding to the rate closest to the one applied, calculating the corresponding taxes, and then include the (positive or negative) tax difference in line VF24 among the adjustments.

NOTE: *this part includes not only purchases carried out in the national territory, but also intra-community purchases and imports from Countries or territories outside the European Union.*

SECTION 1 – Total amount of purchases carried out in the National territory, intra-community purchases and imports

Lines from VF1 to VF13 indicate domestic and intra-community purchases, and imports subject to taxation, for which tax is due and for which the right to deduction has been exercised in 2018, to be entered next to the pre-printed tax rates or the percentage of compensation. Therefore these lines must also include purchases made in previous years for which the tax became payable (article 6, fifth paragraph, article 32-bis of Decree Law no. 83 of 2012 and at 17-ter).
In these lines, purchases and imports of gold, pure silver, scrap and other salvage material to which the reverse-charge mechanism has been applied must also be included (see Appendix under "Transactions relative to gold and silver" and "scrap").
In the specific case in which, regarding purchases made in prior years (2016) but registered in 2018, the percentage of tax deduction applicable in the year in which the right to the deduction arose is different from the percentage applicable for 2018, see instructions in line VF70 and in Appendix under the entry "Adjustments to deductions".
In addition to this, purchases carried out by means of **drawings from VAT deposits** must be included, as well as intra-community purchases made upon drawings of the goods by the consignee in the case of "consignment stock". This last procedure is characterised by the fact that the goods guarded remain the property of the European Community supplier until the moment they are drawn by the same consignee, who is the exclusive final receiver of the goods.
Where the goods drawn were the object of prior purchase without payment of the tax by the same person who draws them, and if the drawing from the deposit occurs in the same tax period in which the deposit or the purchase of the good guarded in the deposit was made, the taxable amount and the related tax must be indicated exclusively in lines from VF1 to VF13.
If the drawing from the deposit occurred in a tax period subsequent to that in which the purchase without the payment of tax was made, then the taxable amount must be indicated in the return for the year in which the operation took place (deposit or purchase of goods held in deposit, etc.) in line VF15 and, subsequently, in the return for the year in which drawing occurred, it is necessary to include, in lines from VF1 to VF13, the taxable amount and the related tax, also indicating the same amount in line VF22, to allow the subtraction from the turnover of the corresponding amount already indicated in line VF15 of the previous return.

The tax relating to the aforementioned purchases is calculated by multiplying the taxable amounts set out in lines from VF1 to VF13 by the corresponding tax rates or the percentage of compensation.
The tax resulting from the calculation must be indicated, next to each tax rate, in lines from VF1 to VF13 (column 2).
The taxable amounts and the related tax must be rounded to the nearest Euro.

In lines **VF14** to **VF20** it is necessary to indicate purchases made in 2018.

Line VF14 domestic purchases, intra-community purchases, and imports carried out without the payment of tax, with the use of the ceiling as referred to in art. 2, paragraph 2, of Law 28 of 18 February 1997.
It is pointed out that taxpayers who have made said purchases utilising the ceiling are required also to complete part VC.

Line VF15 objectively non-taxable purchases, made without use of the ceiling, tax-exempt purchases, as well as those made as part of special regimes which require the tax to be calculated using the base-from-base method, with the exception of purchases made by taxpayers who in 2018 used the lighter regime to be indicated in line VF17. This regards, in particular:
- domestic purchases, including those specified in art. 58, paragraph 1, of Decree Law 331/1993;
- non-taxable intra-community purchases (art. 42, paragraph 1 of Decree Law 331/1993), including those referred to in art. 40, paragraph 2, of the same Decree Law ("community triangle" with the intervention of the domestic agent as transferor/transferee);
- purchases of goods in transit or deposited in places subject to customs surveillance;
- purchases made via the introduction of goods into VAT deposits (following article 50-bis, paragraph 4, letters a) and b) of Decree Law 331/1993);
- purchases of goods and services having as their object goods held in VAT deposits (art. 50-bis, paragraph 4, letters e) and h) of Decree Law 331/1993);
- purchases relating to operations which fall under special margin schemes regulated by Decree Law 41/1995, carried out by persons who apply the analytical, global method, including auction houses (see Appendix);

• purchases relating to operations carried out by travel agencies with the application of the special regime provided for by article 74-ter (see Appendix).

The line must also indicate purchases relating to operations carried out on an occasional basis that fall within the scope of the specific regime provided for connected agricultural activities by article 34-bis (see instructions for line VF62).

Line VF16 exempt domestic purchases, exempt intra-community purchases (art. 42, paragraph 1, Decree Law 331/93) and non-taxable imports (art. 68, excluding letter a). In the current line intra-community purchases and imports of investment gold must also be included.

Line VF17, field 1, purchases from subjects that in the year 2018 relied on facilitated regimes. These are purchases from subjects that applied:

• the tax advantages young entrepreneurs and redundancy workers as provided for by article 27, paragraphs 1 and 2, of decree law no. 98 of 2011.

• the flat-rate scheme for natural persons carrying out business activity, arts and professions as provided for by article 1, paragraphs from 54 through 89, of law no. 190 of 23 December 2014. These purchases must be distinctly indicated in **field 2** as well.

Line VF18 domestic purchases and imports not subject to tax, insofar as they were carried out, as provided for by special provisions made in this regard, by taxpayers affected by earthquakes and similar subjects.

Line VF19 domestic purchases, intra-community purchases and imports, net of VAT, for which, as provided for by art. 19-bis1, or other enactments, the deduction of the tax payable is not admitted.

Note that for purchases to which the **partial deductibility of the tax** applies (for example 40%), only the tax rate for the part of the non-deductible taxable amount must be indicated. The remaining tax rate and taxable amount must be indicated in lines from VF1 to VF13.

Line VF20 indicate domestic purchases, intra-community purchases and imports, net of VAT:

• by taxpayers who carry out exclusively exempt operations for which the tax payable is entirely non-deductible, as provided for by art. 19, paragraph 2;
• by persons who have chosen to be exempt from compliance as provided for by article 36-bis;
• relating to occasional exempt operations or relating to exempt operations as referred to in numbers from 1 to 9 of article 10, which fall outside the scope of the activity of the business or are marginal to VAT operations (VAT on said operations is in any case non-deductible);
• relating to exempt activities if occasional taxable operations are also carried out.

Moreover, the line shall include all the purchases referring to non-subjected transactions, regulated by articles 7 to 7-septies which do not give right of deduction. They are non-subjected transactions which, if occurring in the State territory, would not give right of deduction (article 19, paragraph 3, letter b).

Line VF21 indicate in **field 1** the total amount of purchases with VAT payable in subsequent years registered in **2018**, with regard to which during the same year the tax did not become payable. The purchases in question:

• are carried out by subjects as indicated in the fifth paragraph of article 6;
• are carried out by subjects as indicated in art. 17-ter;
• are made by subjects who have made use of the VAT cash accounting scheme as provided for by article 32-bis of Decree Law no. 83 of 2012. These operations must also be shown separately in **field 2**. It is pointed out that the field does not need to be completed by sellers or customers of taxpayers who have opted for the VAT cash accounting scheme. As Circular Letter no. 44 of 26 November 2012 also clarifies, in the case of sellers or customers who have not opted to take advantage of the abovementioned scheme, entitlement to the deduction arises, in any case, at the time of the operation.

Line VF22 purchases recorded in previous years for whom the tax became payable in **2018**. Such purchases must also be indicated next to the respective tax rates in lines from VF1 to VF13, for the sole purpose of the calculation of the deductible amount. Their total (to be indicated without a preceding “minus” sign) must be subtracted from the total amount of purchases made in 2018.

SECTION 2 – Total of purchases and imports, total tax, intra-community purchases, imports and purchases from San Marino

Line VF23, column 1, is for indicating the total taxable amounts calculated by adding the amounts shown in lines **VF1 to VF21**, column 1, reduced by the amount in line VF22. In column 2 the total of taxes calculated by adding the amounts in columns 2 of lines **VF1 to VF13** should be shown.

Line VF24 tax adjustments and roundings. The tax payable on purchases indicated in line VF23, column 2, may be different from that resulting from the records. The difference between the VAT amount resulting from the register and that resulting from the calculation must be indicated in line VF24, with a plus (+) sign if the total tax resulting from the records is greater than the tax calculated, or with a minus (-) sign in the opposite case.

Line VF25 total of VAT on taxable purchases and imports, which is obtained from the algebraic sum of lines VF23, column 2 and VF24.

Line VF26 reserved for taxpayers who have carried out intra-community purchases, imports of goods and operations with the Republic of San Marino. Specifically:
- indicate the total amount of intra-community purchases of goods, taking into account adjustments as per art. 26, recorded both in the output tax records (articles 23 or 24) and the input tax records (art. 25), indicating in field 1 the amount for intra-community purchases, including those indicated in art. 40 paragraph 2 of the Decree Law no. 331/ 1993 non-taxable or exempt operations as provided for by art. 42, paragraph 1, of the same Decree and in field 2 the amount for taxable purchases even if this is not deductible in accordance with art. 19-bis1 or other provisions;
- indicate the total figures relating to imports of goods resulting from customs declarations recorded during the tax period. In **field 3** show the amount for imports, and in **field 4** the tax on taxable operations even if this is not deductible in accordance with article 19-bis1 or other provisions. With regard to imports of industrial gold, pure silver, scrap and other salvage materials for which VAT is not paid at customs the amounts must be included in part VJ for the purpose of calculating the amount owed;
- indicate in **field 5** the total amount of purchases of goods from San Marino for which a VAT invoice was issued by the San Marino seller. In **field 6** indicate purchases of goods from San Marino for which a VAT-exempt invoice was issued by the San Marino seller and for which the domestic purchaser has fulfilled the relevant obligations in accordance with art. 17, second paragraph. For the purposes of calculating the tax this amount and the tax payable must be included in **line VJ1**. In both fields any purchases that are non-taxable on the basis of specific provisions must also be included.

Line VF27 the total taxable amount of purchases (including intra-community purchases) and of imports indicated in line VF23, column 1, must be set out in this line, which, as established by circular no. 12 of 16 February 1978, does not need to be completed by agricultural producers that are not obliged by law to keep accounting records for the purpose of indirect taxes (even if they have opted to apply tax in the normal manner in accordance with paragraph 11 of art. 34).
The following data must be included in the fields provided, net of VAT:
- **field 1**, cost of depreciable tangible or intangible assets as provided for by articles 102 and 103 of Presidential Decree no. 917 of 22 December 1986, including assets with a cost not exceeding 516.46 euros and including the redemption price for assets already acquired under leasing agreements (for example plant, machinery and equipment);
- **field 2**, cost of non-depreciable operating assets, calculating:
  – the amount of instalments for operating assets acquired under leasing, usufruct or hire agreements or other payments;
  – sums for the purchase of non-depreciable operating assets (for example land);
- **field 3**, cost of assets for sale (goods) and assets for the production of goods or services (for example raw materials, semi-finished goods, auxiliary materials);
- **field 4** cost of all other purchases and imports of goods or services essential to the operation of the enterprise, art or profession that are not included in the preceding fields (for example general expenses, expenses for the purchase of services, etc.).

SECTION 3 – Calculation of admissible deductible VAT

The section is included in order to calculate admissible deductible VAT. Taxpayers that have implemented specific types of operations or that operate in specific fields of activity must indicate the method used to calculate the tax by crossing the box provided in line VF30, even in the absence of data to enter in the relevant section.
It is pointed out that in no case must more than one box be crossed on the same form. In cases where two or more regimes for calculating deductible VAT apply, a separate form must be completed for each regime applied.

NOTICE: not line VF30 but lines from VF60 to VF62 must be completed by taxpayers who during the fiscal year carried out:
– occasional exempt operations or occasional taxable operations in the absence of purchases pertaining to them
– exclusively exempt operations as provided for by no. 1-9 of art. 10 which do not fall within the normal sphere of activity of the business or which are accessory to taxable operations
– occasional sales of used goods
– occasional operations which come under the regime provided for by art. 34-bis for connected agricultural activities.

It is pointed out that taxpayers who carry out operations relating to gold which fall under the rules set out in art. 19, third paragraph, letter d), and under those of the following paragraph 5-bis, must keep separate accounting records of the operations and complete two forms in order to show the admissible deductible VAT for each method of calcu-

lating the tax.

Line VF30 cross the box referring to the method used for calculating the admissible deductible tax:
– box 1 - Base to base method for travel agencies (art. 74-ter);
– box 2 - Marginal method for used goods (Decree Law no. 41 of 1995);
– box 3 - Activities carrying out exempt operations;
– box 4 - Activities in the farm holiday sector (Law no. 413 of 1991);
– box 5 - Associations operating in the agricultural sector (Law no. 413 of 1991);
– box 6 - Concessionary tax regimes for travelling shows and minor taxpayers (art. 74-quater);
– box 7 - Special tax regime for connected agricultural activities (Art. 34-bis).
– box 8 - Special tax regime for agricultural businesses (Art. 34).

The amount of admissible deductible tax calculated according to ordinary criteria or according to special regimes for which line VF30 must be completed by crossing boxes 1, 2, 4, 5, 6 or 7 must be indicated in line VF71 (see instructions).
Taxpayers who have recorded exempt operations for the tax period as provided for by art. 10 with the exception of exclusively occasional exempt operations as provided for by no. 1 to 9 of art. 10 which do not fall within the normal sphere of activity of the business or which are accessory to taxable operations must cross box 3 of line VF30 and complete lines VF31 to VF37 (see also instructions for the completion of line VF60).

Agricultural businesses which have completed line VF30 by crossing box 8 must calculate the amount of admissible deductible tax in accordance with the criteria set out in art. 34 by completing lines VF38 to VF54.

SECTION 3-A – *Exempt operations*

The section is reserved for taxpayers who have recorded exempt operations for the tax period as provided for by article 10 with the exception of exclusively occasional exempt operations or operations provided for by no. 1 to 9 of art. 10 which do not fall within the normal sphere of activity of the business or which are accessory to taxable operations.

It is pointed out that the carrying out of exempt operations on an occasional basis or exempt operations exclusively as provided for by no. 1 to 9 of art. 10 which do not fall within the normal sphere of activity of the business or which are accessory to taxable operations by a subject whose main activity is essentially subject to VAT, as well as the carrying out of taxable operations by a subject whose business activity is essentially exempt, does not give rise to the application of the pro rata charge. In such cases the general criterion of the specific use of the goods and of the services becomes applicable again, for the purposes of calculating the deductible tax, with the consequent non-deductibility of the tax relating to the goods and services used in the exempt operations referred to above (article 19, paragraph 2) (cp. circular letter 328 of 24 December 1997).
See also instructions for the completion of line VF60.

Lines VF31 to be completed exclusively by subjects who carry out essentially exempt activities and who have only occasionally carried out taxable operations **making purchases pertaining to them**. The VAT relating to purchases allocated to the latter operations is entirely deductible. In this case the taxable amount and tax on purchases classed as taxable operations already shown in lines VF1 to VF13 must be indicated in the fields provided. It is pointed out that the other lines of the current section must not be completed.

Line VF32 the box must be crossed by taxpayers who have carried out exclusively exempt operations. In this case the other lines of the section are not to be completed and the total amount of purchases relating to these must be included in line VF20, since the related tax is not deductible. Note that the box in the current line must not be crossed by taxpayers who have only carried out exempt operations, as per paragraph 5-bis of art. 19. The deductible VAT due for purchases referred to in the aforementioned art. 19, paragraph 5-bis, must be indicated in line VF36.

Line VF33 the box must be crossed by taxpayers who made use, in 2018, of the option referred to in art. 36-bis. In this case no other line of the present section must be completed and the taxable amount of purchases made must be included in line VF20, insofar as it is not deductible.

Lines from VF34 to VF36 reserved for subjects who, having carried out both taxable and non-taxable operations during the course of their activity, are required to calculate the pro rata deduction as provided for by art. 19-bis.
The percentage of deduction is given by the ratio between the total amount of operations carried out during the year which may be deducted (including both taxable operations and operations referred to in article 19, paragraph 3, integrated with taxable operations for the purpose of deduction) and the same amount increased by exempt operations carried out during the same year.
In any case, paragraph 2 of article 19-bis identifies some operations which do not influence the calculation of the percentage of deduction and thus neither the numerator nor the denominator of said ratio should be taken into account. This point regards, in particular, transfers of depreciable goods, internal transfers as referred to in art. 36, final paragraph, operations as referred to in article 2, third paragraph, letters a), b), d) and f), exempt operations as referred to in article 10, number 27 quinquies), as well as exempt operations as indicated in numbers from 1 to 9 of the aforementioned article 10, in the case that they are not part of the subject ordinary activity or are incidental to taxable operations,

i.e. if the abovementioned operations are performed within the scope of occasional activities or of activities that are instrumental to the pursuit of the ends of the business. With reference to the latter operations (from 1 to 9 of art. 10), it is established the total non-deductibility of the tax on goods and services used exclusively for their fulfilment is established, in observance of a general principle sanctioned by paragraph 2 of article 19, which provides for the non-deductibility of tax on goods and services used in exempt operations.

Line VF34 ***Data required for the calculation of percentage of deduction to be carried to field 9***

In fields 1, 2, 3, 4 and 7 certain types of exempt operations already included in line VE33 must be included.
Field 1 indicate the total amount of exempt operations as referred to in art. 10, number 11, carried out by agents who produce investment gold or who transform gold into investment gold, identified by art. 19, paragraph 3, letter d), equated with taxable operations for the purposes of deduction (see Appendix, "Transactions relative to gold and silver").
Field 2 indicate the total amount of exempt operations, as referred to in article 10, numbers from 1 to 9, if they do not constitute part of the activity of the business or are marginal to taxable operations. Such operations must not be considered for the purpose of calculation of the pro rata of deductibility.
In this regard, it is pointed out that activity of the business means every activity which falls within the ordinary range of activity of the said business, that is within its proper institutional objective, with the sole exception of those activities which are not carried out as a main activity, which is to say directly aimed at the pursuit of the end objectives of the business, but in a merely instrumental, marginal or occasional way (cp. circular letters 25 of 03 August 1979 and 71 of 26 November 1987).
Field 3 indicate the total amount of exempt operations as referred to in art. 10, number 27-quinquies. This point regards transfers of previously acquired or imported goods without the right to the total deduction of VAT as provided for by articles 19, 19-bis1 or 19-bis2. It is pointed out that the amount to indicate in the current field must be reduced by any transfers of exempt depreciable goods carried out. The operations indicated in the field must not be considered for the purpose of calculation of the pro-rata of deductibility.
Field 4 indicate the total amount of transfers of depreciable goods and of internal transfers both exempt from VAT. Such operations must not be considered for the purpose of calculation of the pro-rata of deductibility.
Fields 5 and 6 must include particular types of operations which, as provided for by art. 19, paragraph 3, give the right to deduction, despite not being subject to the obligation of invoicing, registration, declaration, and which must be taken into account for the purposes of the calculation of the prorata of deductibility.
Field 5 indicate the total amount of operations carried out outside Italy which, if they had been carried out in Italy, would give the right to deduction as provided for by article 19, paragraph 3, letter b), excluding operations for which an invoice has been issued in accordance with article 21, paragraph 6-bis. These operations, in fact, must be indicated in line VE34 and must be taken into account when calculating the amount to be indicated in line VE50.
Field 6 indicate the total amount of operations as referred to in art. 74, paragraph 1, subject to the single-phase VAT regime (monopoly goods store etc.).
Field 7 indicate exempt operations as referred to in article 10, numbers from 1) to 4), equated with taxable operations for the purposes of deduction by article 19, paragraph 3, letter a-bis).
Field 8 report operations exempt from VAT, already included in line VE34, which do not give right of deduction. Such operations, if occurring in the State territory, would not give right of deduction (article 19, paragraph 3, letter b).
Field 9 indicate the percentage of deduction, calculated using the following formula:

$$\frac{\text{VE50 + VF34 field 8 + VF34 field 1 + VF34 field 5 + VF34 field 6 + VF34 field 7 - (VE33 - VF34 field 4)}}{\text{VE50 + VF34 field 8 + VF34 field 5 + VF34 field 6 - VF34 field 2 - VF34 field 3}} \times 100$$

The result must be rounded up or down according to whether the decimal part is higher or lower than five tenths. The first three decimal places must be referred to; for example the percentage 0.502 would be rounded up to 1, the percentage 7.500 would be rounded down to 7. In the specific case in which a negative percentage results, the value 0 (zero) must be indicated, while if a percentage greater than 100 results, the value 100 must be indicated.

Line VF35 "Habitual" exporters must indicate VAT not discharged on purchases and imports as referred to in line VF14 (for a definition of "habitual" exporters, see article 1 of Decree Law 746 of 29.12.1983, converted by Law 17 of 27 February 1984).

Line VF36 persons operating in the gold market, as distinguished from producers of investment gold and those who transform gold into investment gold, must indicate the total amount of deductible VAT as provided for by art. 19, paragraph 5-bis in the current line (see Appendix, "Transactions relative to gold and silver"). If the aforementioned taxpayers have only carried out exempt operations, the amount indicated in the present line must be carried forward to **line VF37**.

Line VF37 must indicate deductible VAT. Methods of completion are distinguished with reference to the following situations:
• occasional exempt operations (line VF31). In this case the amount of the tax indicated in line VF31, column 2, must

be specified;
- fulfilment of exclusively exempt operations (line VF32). In this case, no amount should be indicated in line VF37, as no VAT is deductible;
- presence of option as referred to in art. 36-bis (line VF33). In this case, no amount should be indicated in line VF37, as no VAT is deductible;
- simultaneous presence of exempt and taxable operations. In this case, the amount of VAT deductible is obtained by applying the pro-rata method, carrying out the following calculation:

Admissible VAT deduction

VF37 = [(VF23 + VF35 - VF36) x VF34 field 9 : 100] - VF35 + VF36

The amount in line VF37, added algebraically to the amount in line VF70, must be carried to line VF71.

Method of completion of Section 3-A of Part VF

The table provided below contains some clarifications regarding the completion of the section under examination on the basis of the various cases which may occur.

Types of operation carried out	Method of completion of the section reserved for exempt operations
exclusively exempt operation	not obliged to submit return (if the return is submitted in any case, complete line VF32)
exempt and taxable operations with unified accounting	1 form complete lines VF34, VF35, VF36 and VF37
exempt and taxable operations with separate accounting	1 form exempt operations complete line VF32 1 form taxable operations
exclusively exempt operations with option art. 36-bis	not obliged to submit return
exempt operations with option art. 36-bis and taxable	(if the return is submitted in any case, complete line VF33) 1 form complete line VF33
operations with unified accounting exempt operations with option art. 36-bis and taxable	1 form exempt operations complete line VF33
operations with separate accounting taxable operations and occasional exempt operations or	1 form taxable operations 1 form complete line VF53, box 1
as referred to in numbers from 1 to 9 of art. 10, which do not fall within the activity proper of the business exempt operations and occasional taxable operations	1 form complete lines VF31and VF37
with related purchases	
exempt operations and occasional taxable operations without related purchases	1 form complete line VF53, box 2

SECTION 3-B - Agricultural businesses (article 34)

Lines VF38 to VF54 must be completed by all agricultural producers whether simple or mixed agricultural businesses, cooperatives, or other enterprises as provided for by second paragraph, letter c), or art. 34.

Line VF38 must include the taxable amount and the tax regarding the transfers of products and services which are not agricultural (already included in section 2 of part VE), carried out by mixed agricultural businesses (art. 34, paragraph 5).
The deductible amount relating to such operations must be included in line **VF52**.

Lines from VF39 to **VF49** have been provided for the calculation of the flat-rate deduction applicable to transfers of agricultural produce. In the lines regarding the set-off percentage applicable, the first column must include, both contributions to co-operatives or other subjects as referred to in the second paragraph, letter c), of article 34 (from section 1 of part VE) carried out with the application of the percentage of compensation, and transfers of agricultural produce carried out applying the VAT rate associated with each product (included in section 2 of part VE). The second column must be used to indicate the tax calculated by applying the percentages of compensation to the taxable amounts specified in the corresponding fields of the first column.

Line VF50 tax variations and rounding-off, relating to operations referred to in lines from VF39 to VF49.

Line VF51 must include the totals of taxable amount and tax (algebraic sum of lines from VF39 to VF50).

Line VF52 VAT deductible for purchases and imports intended for the transfers of products other than the agricultural referred to in line VF38.

Line VF53 indicate the deductible amount (i.e. theoretical VAT) in accordance with art. 34, paragraph 9, on the part of agricultural producers who have carried out non-taxable transfers of agricultural produce included in Table A - first part - in accordance with art. 8, first paragraph, art. 38-quater and art. 72, as well as intra-community transfers of agricultural produce. The deduction or reimbursement of theoretical VAT in fact represents a system for the recovery of VAT paid in advance by persons referred to in art. 34, who are not permitted to make purchases without applying the tax through a letter of intent, in relation to the non-taxable operations carried out.
The amount to be indicated in the current line must be calculated by applying the percentages of compensation which would have been applied if the operations had been carried out within the confines of the State.

Line VF54 total of the admissible deductible VAT, given by the sum of lines from VF51 to VF53. The amount of the current line, added algebraically to that indicated in line VF70, must be specified in line VF71.

SECTION 3-C – Special cases
Lines VF60 to VF62 are reserved for taxpayers who have carried out:
– occasional exempt operations or occasional taxable operations in the absence of purchases pertaining to them,
– exclusively exempt operations as provided for by no. 1 to 9 of art. 10 which do not fall within the normal sphere of activity of the business or which are accessory to taxable operations,
– occasional sales of used goods,
– occasional operations which come under the regime provided for by art. 34-bis for connected agricultural activities.

The three lines may be completed at the same time if all of the types of operations indicated are present if a special regime has been adopted for calculating the tax deductible.

It is pointed out that either lines VF60 to VF62 or, alternatively, boxes 2, 3 and 7 in line VF30 must be completed.

Line VF53 must be completed by taxpayers who in carrying out activities that give rise to taxable operations have occasionally carried out exempt operations or by taxpayers who in carrying out activities that give rise to exempt operations have occasionally carried out taxable operations. In particular:
– **box 1** must be crossed if solely occasional **exempt operations** have been carried out or exclusively exempt operations provided for by numbers 1) to 9) of art. 10 which do not fall within the normal sphere of activity of the business or which are accessory to taxable operations. The total amount of these exempt operations must be carried forward to line VE33, while the related purchases must be indicated in line VF20;
– **box 2** must be crossed by taxpayers who carry out essentially exempt operations and who in conducting such activities have only occasionally carried out **taxable operations**. It is pointed out that the box is reserved for taxpayers who have not made purchases pertaining to such operations. In fact, in the case of purchases destined for occasional taxable operations and for the purpose of the relative deduction, line VF31 must be completed.
It is pointed out that box 1 and box 2 are alternatives.

Line VF61 the box must be crossed if occasional sales of used goods have been made with the application of the special margin regime provided for by Decree Law no. 41 of 1995.
To calculate the total gross margin and to carry the data forward to part VE, refer to the instructions for completing Form B contained in the Appendix under “Used goods”. It is pointed out that the amount of purchases relating to these sales must be indicated in line VF15, with the exception of purchases by taxpayers who in 2018 used the ligheter regime to be indicated in line VF17.

Line VF62 must be completed by **agricultural businesses** that carried out operations on an occasional basis for which the special regime for connected agricultural activities as per article 34-bis becomes applicable. In fields 1 and 2 indicate, respectively, the taxable amount and tax applicable to these operations, which are already included in part VE. Admissible deductible VAT is calculated by applying the rate of 50% to the amount shown in field 2. Purchases relating to these operations must be carried forward to line VF15 (for further clarifications see the Appendix under “Connected agricultural activities”).

SECTION 4 - Admissible deductible VAT

Line VF70 total adjustments. Article 19-bis2 establishes that the deduction of tax relating to purchase of goods and services must be adjusted subsequently to that initially adopted in the case in which the right to deduction changed at the time of use of the goods and services.
Article 19 establishes that the right to deduction must be exercised with reference to the conditions of deductibility existing at the time that the right arose and the amount of the deduction remains tied to that moment, regardless of the conditions existing at the time that the right is exercised. Therefore, with regard to purchases made in previous years (2016) but registered in the year to which the annual return refers, if the percentage of deduction applicable in the year

in which the right to deduction arose differs from the percentage of deduction applicable in 2018, it becomes necessary to calculate the admissible deductible tax for both years of reference. The difference resulting from the comparison between the two measures of deduction, as calculated above, must be included as an increase or decrease in the final amount specified in the current line.

Beneficial tax regime for young businesspeople and unemployed workers as provided for by article 27. paragraphs 1 and 2, of Decree Law no. 98 of 2011 – method for completing the form.
The line must be completed in the return applying to the year in which this occurred, indicating the adjustment of the deduction net of the part already used (if any) to reduce the payments still owed for the adjustment made upon adopting the regime.

Flat rate regime for those individual who exercise entrepreneurial, art or professional activities, as per article 1, clauses 54-89, Law 190/2014.

Subjects who, starting from the tax year 2019, avail of the beneficial method regulated by article 1, paragraphs 54 to 89 of Law no. 190 of 23 December 2014, shall report in line VF70 the contingent tax due as a result of the deduction adjustment, as provided by article 1, paragraph 61, of Law no. 190 of 2014.

The same line must be compiled in the declaration regarding the year when the passage to the ordinary scheme took place, indicating any tax credit due to the correction of the detraction pursuant to article 1, paragraph 61, of law no. 190 of 2014.

In order to determine the overall amount of the adjustments to be indicated in the return refer to prospectus D in the Appendix (see "Adjustments to deductions ").

Line VF71 this line must always be completed by all taxpayers in order to indicate admissible deductible VAT. This line, taking into account the total of the adjustments set out in line VF70, must indicate:

- the amount from line VF25 if in line VF30 no box has been crossed;
- the amount from line VF25 if in line VF30 *box 1* has been crossed, reserved for taxpayers to whom the regime governed by article 74-ter applies. To facilitate the completion of the return by these taxpayers, Prospectus A is provided in the Appendix (see under “Travel Agencies”)
- the amount from line VF25 if in line VF30 *box 2* has been crossed, reserved for taxpayers who have applied the special regime for used goods, works of art, antiques and collectible items, as governed by Decree Law no. 41 of 1995 and auction houses acting on their own behalf and on behalf of private parties on a commission agreement basis which are obliged to apply the special regime provided for by article 40-bis of the same Decree Law no. 41 of 1995. To facilitate the completion of the return by these taxpayers, Prospectuses B and C are provided in the Appendix (see under “Used goods”);
- the amount from line VF37 if in line VF30 *box 3* has been crossed and section 3-A, exempt operations, has been completed;
- fifty percent of the amount from line VE26 if in line VF30 *box 4* has been crossed, reserved for agricultural businesses providing farm holidays in accordance with Law no. 96 of 20 February 2006, which use the special flat-rate system for calculating VAT payable provided for by article 5 of Law no. 413 of 1991. Admissible deductible VAT is calculated on a flat-rate basis, applying a 50% tax rate to taxable operations (see Appendix under “Farm holidays”);
- one third of the amount from line VE26 if in line VF30 *box 5* has been crossed, reserved for trade union associations operating in agriculture, in relation to the activity of tax assistance provided to their own members, for which article 78, paragraph 8, of Law no. 413 of 1991 provides for the flat-rate tax deduction of one third of VAT on taxable operations carried out;
- fifty percent of the amount from line VE26 if in line VF30 *box 6* has been crossed, reserved for taxpayers who perform travelling shows as well as other performers of entertainment activities indicated in table C annexed to Presidential Decree no. 633 of 1972 whose volume of business during the previous year did not exceed 25,822.84 euros, benefiting from the special regime governed by article 74-quater, firth paragraph (see Appendix under “Activities in the entertainment field”);
- fifty percent of the amount from line VE26 if in line VF30 *box 7* has been crossed by agricultural businesses supplying services, primarily through the use of business equipment and resources normally employed in the agricultural activity, subject to the flat-rate deduction regime as provided for by article 34-bis. The admissible deductible VAT to show in the current line is calculated by applying the rate of fifty percent to the tax payable on taxable operations (see Appendix under “Connected agricultural activities”);
- the amount from VF54 if in line VF30 *box 8* has been crossed, reserved for agricultural producers who have applied the special regime governed by article 34.

Completion of **line VF60** by crossing **box 1**, and of **line VF61**, is not relevant to the calculation of admissible deductible VAT. Therefore, in such cases, line VF71 must indicate the amount referred to in VF25. Conversely, if **line VF60** has been completed by crossing **box 2** in line VF71, no amount must be indicated, as there is no admissible deductible VAT. (Cp. the instructions for the completion of line VF20).

If line **VF62** is completed, for the purpose of calculating the tax to indicate in line VF71, it is necessary to take into account fifty percent of the amount in line VF62 itself.

4.2.7. – PART VJ - CALCULATION OF TAX ON CERTAIN TYPES OF OPERATIONS

This part is reserved for the indication of particular types of operations for which tax, on the basis of specific enactments, is owed by the transferee or by persons operating in specific sectors of business for commissions paid by them.
This part must include the taxable amount and the tax relating to the abovementioned operations, taking the variations referred to in art. 26 into account.
It is pointed out that for the purposes of deduction, the operations indicated in this part **must be included in part VF.**

Line VJ1 indicates purchases of goods, including those of industrial gold, pure silver, scrap and other salvage material as referred to in art. 74, paragraphs 7 and 8, coming from the Vatican City and the Republic of San Marino (art. 71, paragraph 2) for which the transferee is required to pay the tax in accordance with article 17, paragraph 2. The total amount of purchases of goods coming from San Marino must be indicated also in VF26, field 6.

Line VJ2 indicates the operations of withdrawals of goods from VAT deposits as referred to in art. 50-bis of Decree Law 331 of 1993, carried out for the purpose of their use or in execution of acts of marketing in domestic territory (different from the ones where the tax is paid by the manager of the warehouse on behalf of the subject that proceeds with the withdrawal).

Line VJ3 indicates purchases of goods and services from subjects who are resident abroad as provided for by art. 17, paragraph 2. It is pointed out that the line must indicated both purchases for which VAT obligations have been fulfilled through the issue of a self-invoice and purchases for which they have been fulfilled through the integration of the document issued by the non-resident subject.

Line VJ4 indicates payments made to urban public transport operators in accordance with the decree of 30 July 2009.

Line VJ5 indicates commissions paid by travel agencies to their intermediaries, as provided for by art. 74-ter, paragraph 8.

Line VJ6 indicates domestic purchases of scrap and other salvage material as referred to in art. 74, paragraphs 7 and 8, for which the transferee is required to pay the tax. The line must also indicate the purchases of the pallets recovered for use cycles following the first one, and the performance of services dependent upon works contracts, procurement contracts and the like, that have the purpose of processing non-ferrous scrap.

Line VJ7 indicates domestic purchases other than investment gold (so-called industrial gold) and of pure silver for which tax is payable by the transferee, as provided for by art. 17, paragraph 5.

Line VJ8 indicates purchases of investment gold for which the option of taxation by the transferor has been chosen, and thus the tax is owed by the transferee, as provided for in art. 17, paragraph 5.

Line VJ9 indicates intra-community purchases of goods, including industrial gold, pure silver, scrap and other recycled materials, cellular telephones, gaming consoles tablet PCs and laptops, integrated circuit devices, such as microprocessors and central work units.

Line VJ10 indicates imports of scrap and other salvage materials for which the tax is not paid at customs but discharged, as provided for by art. 70, paragraph 6, through the annotation of the customs document in the register as referred to in articles 23 or 24 as well as, for the purposes of deduction, in the register as referred to in art. 25.

Line VJ11 indicates imports of gold other than investment gold (so-called industrial gold) and pure silver for which tax is not paid at customs but discharged, as provided for by art. 70, paragraph 5, through annotation of the customs document in the register as referred to in article 23 or 24 as well as, for the purposes of deduction, in the register as referred to in art. 25.

Line VJ12 indicates purchases of services rendered by subcontractors in the construction sector not subject to tax pursuant to article 17, paragraph 6, letter a) (cp. circular letter no. 37 of 29 December 2006).

Line VJ13 indicates purchases of buildings or parts of buildings for which the tax is payable by the seller, in accordance with article 17, paragraph 6, letter a-bis).

Line VJ13 indicates purchase of cellular phones for which the tax is payable by the seller, as provided for by article 17, paragraph 6, letter b).

Line VJ15 indicates purchases of gaming consoles, tablet PCs and laptops, as well as integrated circuit devices, such as microprocessors and central work units for which tax is to be payed by the transferee, under article 17, paragraph 6, letter c).

Line VJ16, indicates the purchases of services of cleaning, demolition, installation of systems, and completion with regard to buildings for which the tax is owed by the transferee, pursuant to article 17, paragraph 6, letter a-ter);

Line VJ17, indicates the purchases of goods and services in the energy sector for which the tax is owed by the transferee, pursuant to article 17, paragraph 6, letters d-bis), d-ter), and d-quater).

Line VJ18, indicates the purchases made by public administrations holding VAT registration and to other subjects indicated in art. 17-ter paragraph 1 required to pay the tax according to the same article and for whom the tax is part of the periodical payments indicated in art. 5 paragraph 2 of the Ministerial Decree dated January 23rd 2015, as amended by the Ministerial Decree dated 28 June 2017.

Line VJ19 indicates total VAT on operations in the current section, obtained by adding together the amounts indicated in column 2 from lines VJ1 to VJ18.

4.2.8. – PART VI - RECEIVED DECLARATIONS OF INTENT

The Part is reserved for suppliers of habitual exporters. Article 1, paragraph 1, letter c), of decree law no. 746 of 1983, provides requires the data contained in the received declarations of intent to be summarized in the yearly declaration. This declaration must summarize the declarations of intent for tax year 2018.
Lines from VI1 to VI6 must indicate:

- **field 1**, the V.A.T. registration number of the transferee/customer that is a habitual exporter;
- **field 2**, the protocol number assigned by the Agency to the declaration of intent transmitted electronically.

Should the 6 lines be insufficient for indicating the data regarding all the received declarations of intent, another Part VI must be used, indicating “02” in the “Form no.” field, and so on. The same compilation procedures must be adopted in the presence of extraordinary operations.
The compilation of a number of VI Parts does not modify the number of forms the declaration consists of, to be indicated on the frontispiece.

4.2.9. – PART VH - VARIATION OF PERIODIC COMMUNICATION

Notice: Line VH must be completed exclusively if there is the intention to send, integrate or correct the omitted, incomplete or incorrect data in communications regarding periodic VAT payment’s (see resolution no. 104/E dated 28 July 2017). In this case, all requested data, even what does not need to be sent, integrated or corrected must be inserted. Should the sending, integration or correction lead to filling out the module without any information (es. If they amount of the payment is equal to zero) the VH box, present in part VL - section “Completed Parts”-, must, in any case be ticked. Should the omitted, incomplete or incorrect data not be part of the information that needs to be indicated in this part, the latter does not need completion.

Lines from VH1 to VH16 must be completed by all taxpayers, to indicate **data (input VAT or output VAT)** resulting from periodic payments made. In order to complete lines VH15 and VH16, it is necessary to insert the amount of the relative payment subtracting the amount of any deposit that may be owed. including companies which have adhered to group payment of VAT as pro-vided for by article 73 and by the Ministerial Decree of 13 December 1979, using the appropriate lines for the indication of VAT debits or credits transferred to the group during the tax year.

It is pointed out that the amount to be indicated in the "debits" field of each line of the current section corresponds to VAT owed for each period (even if not actually paid).

Taxpayers who make monthly payments must complete lines from **VH1** to **VH12**, corresponding to the 12 months of the year.

Taxpayers who have made quarterly payments must indicate the data relating to periodic payments in lines VH4, VH12 and VH16. This last line is not to be completed by taxpayers indicated in art. 7 of the Decree of the President of the Republic no. 542 of 199., since the VAT payable (or Input VAT) for the fourth quarter by such taxpayers must be considered for the purposes of the payment in the annual return.

Taxpayers who have more than one business with separate accounting as mentioned in art 36, coinciding with the last month of each trimester, have compensated the findings of the monthly liquidation with that of the trimester, in terms of monthly liquidation, must indicate a sole amount in the indicated fields. If in debt, the amounts is the one corresponding to the algebraic formula of credits and debits emerging from liquidations of singular periods.

If the amount owed does not exceed the limit of 25.82 Euro, including interest owed by taxpayers making quarterly payments, the payment must not be made. Said amount must be indicated in the debits field of the line corresponding to the payment period. Therefore the tax debit must be indicated in the periodic payment immediately subsequent to this. (See line VP7 of the communication model referring of periodic VAT payments)

Line VH17 Report the amount of the payment on account due, indicated, or that should have been indicated, in live VP13, column 2, of the communication model referring to periodic VAT payments.
The **method box** must be completed by indicating the code for the method used for calculating the advance VAT payment:
– "1" historical;
– "2" forecast;
– "3" analytical - actual;
– "4" taxpayers operating in the fields of telecommunications, water supply, electrical energy, waste collection and disposal, etc.

NOTICE: The line must not be completed by companies participating in group VAT payment during the full tax year. They must indi-cate the amounts transferred to the controlling company obliged to calculate the advance payment due for the group in the lineVK28.

Completion of part VH by sub-suppliers (article 74, paragraph 5)
Persons who make use of the right to pay VAT relative to operations deriving from subcontracting agreements, using the appropriate tax codes, must include the amount relating to such operations in the line corresponding to the payment period in which they were carried out, even though the pay-ment was made quarterly (without added interest) rather than monthly ticking the box "**subcontractors**" (cp. circular letter 45/E of 18 February 1999).

Completion of part VH by taxpayers who have made use of special tax credits or VAT credits transferred by savings management companies
The taxpayer who, when making periodic or payment on account uses special tax credits or credits received from savings management companies, must indicate in the field "debits", of the lines included between VH1 and VH17, the results of the payments and the amount of the payment on account net of the credits used. The special tax credits must be included in line VL27 while the credits received from savings management companies must be reported in line VL28. These credits, used for the purposes of the annual return, must instead be carried forward to lines VL34 and VL35.
If the taxpayer uses the aforementioned tax credits in set off using the F24 payment form, in part VH the results of periodic payments and the amount of the payment on account must be indicated without taking this set off into account.

Notes for persons affected by exceptional events
See Appendix under the entry "Persons affected by exceptional events".

Completion of part VH by taxpayers with separate accounting (art. 36)
See Appendix under the entry "Separate accounting".

Completion of part VH by controlling and controlled companies (art. 73)
Regarding the completion of part VH by companies adhering to group payment as referred to in art. 73 (in special cases of transfer of control during the tax year or mergers etc.) the taxpayer is referred to the clarifications supplied in sub paragraph 3.4.3.

Completion of part VH in the case of extraordinary operations or substantial subjective transformations
According to the instructions supplied in paragraph 3.3. the person resulting from the transformation must complete a form for himself and a form for the assignor. In part **VH for the assignee**, data relative to payments carried out by the same person during the entire year must be indicated, including any operations carried out by the assignor in the portion of the month or quarter during which the operation occurred. In part **VH for the assignor**, data relative to payments carried out until the last month or quarter which finished before the date of the operation must be indicated.
In addition, line VH17 must be completed in this part if the transformation occurred at a date later than that on which advance payment was made.
In the case of transformations which do not imply the extinction of the assignor (e.g. conferment of a company branch), the latter is required to make the annual return, completing part VH with exclusive reference to periodic payments relating to activities which are not transferred.

Completion of part VH by taxpayers whose bookkeeping is done by third parties
Regarding the completion of part VH, see Appendix under entry "Taxpayers whose bookkeeping is done by third parties".

4.2.10. PART VM – PAYMENT FOR EU VEHICLE REGISTRATION

The VM part has been provided for indicating payments made during the tax year using the F24 form payments with identification elements approved in order to implement the provisions contained in article 1, paragraph 9, of Decree

Law no. 262 of 03 October 2006, which introduce specific procedures for paying the tax relating to the first domestic sale of new and used, previously considered an intra-community purchase.
Lines **VM1** to **VM12** corresponding to the 12 months of the year, therefore, must indicate tax paid during the year to which the return applies, using the specific codes introduced by resolution no. 377 of 2007. Taxpayers who have made quarterly payments in accordance with article 7 of Presidential Decree no. 542 of 1999 must indicate details regarding payments ma-de using the F24 form payments with identification elements in lines VM3, VM6, VM9 and VM12. These payments must be included in line VL29, field 1. It is pointed out that the amounts indicated in the aforesaid lines must include payments made in relation to motor vehicles registered during 2018 but which were sold in subsequent years (for example vehicle re-gistrations for the attainment of company objectives, see circular no. 52 of 2008).

4.2.11 – PART VK - CONTROLLING AND CONTROLLED COMPANIES

Part VK is reserved exclusively for controlling and controlled bodies or companies as referred to in art. 73 which have taken part in the group payment of VAT during the tax year, and is presented in three sections.

SECTION 1 - General data

In **line VK1** the controlling company and each controlled company must indicate:
- **field 1,** the VAT registration number of the controlling entity;
- **field 2,** the last month of control (for example 01 for January, 12 for December).Number 12 must be indicated in case of suspension, in case of interruption of group VAT payment procedures starting from 1 January 2019, and also in case of continuation of the above mentioned procedure for the same year. One is reminded that, in accordance with art. 3, last paragraph, of the Ministerial Decree of 13 December 1979, as amended in the Ministerial Decree date February 13th 2017. the loss of the prerequisites to avail of the procedure for group payment has effect beginning from the periodic payment relating to the month or quarter during which this loss arose (for example, a company in respect of which control ceased during the month of June, must indicate, if it makes monthly payments, number 05, since control is to be considered exercised until the month of May; if, on the other hand, it makes quarterly payments, it must indicate number 03, since control is considered to have ceased during the first quarter). In the specific case of **incorporation of the controlling company during the year** by a company outside the VAT group, if the procedure for group VAT should be interrupted following its incorporation, then in both the return of the incorporated controlling company (presented by the incorporating company) and in the returns of the controlled, the number corresponding to the month of the last periodic (monthly or quarterly) group payment must be indicated (for example, date of incorporation of controlling company 15 May - last month of control to indicate: 04 if monthly, 03 if quarterly); while if the procedure continues for the whole of the tax year with accounts separate from those of the incorporating company, number 13 must be indicated in the return of the incorporated controlling company (presented by the incorporating company) and number 12 in the returns of the controlled. (cp. Ministerial Resolution no. 363998 of 26 December 1986);
- **field 3,** company name of the controlling company. The "**Extraordinary transactions**" box, to be completed only in the modules following the first one in the presence of several forms as a result of extraordinary transactions, it must be crossed if the relevant company referred to in this form has been released, in the course of 2018 and before the extraordinary operation, from the VAT settlement procedure of the group in which it participated.

SECTION 2 - Calculation of tax surplus

This section is for the calculation of the tax surplus, as provided for by article 6, paragraph 3, of the Ministerial Decree of 13 December 1979, and must always be completed, if there is a credit or a debit surplus when the annual return is made.

Line VK20 total of credits transferred, limited to the period of con-trol, increased by any amount resulting in line VX2 transferred for the adjustment of the annual return, when control lasted the whole year.

Line VK21 total of credits transferred, limited to the period of con-trol, increased by any amount resulting in line VX2 transferred for the adjustment of the annual return, when control lasted the whole year.

Lines VK22 and **VK23** if the amount in line VK20 is greater than that in line VK21, the difference between VK20 and VK21 must be carried forward to line VK23; while if VK21 is greater than VK20, the difference between VK21 and VK20 must be carried forward to line VK22.

Line VK24, credit surplus set off. This line must include the amount of VK23 which has been effectively set off in whole or in part, as against debit surpluses of other companies in the group. **This amount must be worked out from the certificate that the controlling body or company is required to issue at the end of the year, to every company in the group, and must correspond to that indicated by the same controlling company, for each company, in field 7 of part VS. For the amount of the credit surplus set off the guarantee as provided for by art. 6, paragraph 3, of the Ministerial Decree of 13 December 1979, must be supplied**. **It is pointed out that article 13 of**

the Legislative Decree no. 175 of 21 November 2014 replaced article 38-bis, by significantly innovating the discipline pertaining the application of VAT refunds and especially removing the general obligation to provide the guarantee (see Circular no. 32 of 30 December 2014). As clarified by circular no. 35 of 27 October 2015, the provisions contained in the new article 38-bis also apply to the payment of group VAT.

Line VK25, request for refund of credit surplus by the controlling company, this line must be completed only if in the annual return there is a credit surplus that has not been set off (that is, if the amount in line VK23 is greater than the amount in line VK24), which is transferred to the group and for which the controlling company has requested a refund. In such a case, for the purposes of refunds, the controlled company must possess the requirements referred to in art. 30, paragraph 2, which must be indicated by the controlling company by completing the box "Reason" (field 8 of part VS) of the VAT summarising prospectus 26 PR.

Line VK26 indicate the total amount of any special tax credits used for the whole of 2018, including that used for annual adjustment, by the company if it belongs to certain categories of taxpayers.

Line VK27 in this line it is necessary to indicate the overall amount of interest transferred to the group by companies which have carried out quarterly periodic payments as provided for by article 7 of Presidential Decree number 542 of 1999.
Said companies with quarterly payments as provided for by the abovementioned article 7 must indicate the total amount of interest transferred, both quarterly and when the annual return is made.

Line VK 28 the companies participating in the group VAT payments for the entire tax year must indicate the amount transferred to the controlling company which must determine the down payment the group must owe (see circular no. 53 dated December 3rd 1991).

SECTION 3 - Termination of control during the year. Data relating to the period of control

This section must be completed exclusively if the company left the group during the tax year. In case an extraordinary operation took place in 2018, the assignor (e.g. Acquired copmany) should not complete this section in the module if said company participated in group VAT payments up until the date of the operation.

Thus, **in lines from VK30 to VK35** only data relating to the period of control must be indicated. For a description of this data, the taxpayer is referred to the corresponding lines VL1, VL2, VL23, VL27, VL29, VL30, field 3.

Line VK36 if the controlled company left the group after making the payment on account, the part thereof which the controlling company has re-credited to the controlled company, must be set out in this line.

4.2.12 – PART VN - SUPPLEMENTAL DECLARATIONS IN FAVOUR

The framework is reserved for subjects who have presented the 2018 supplementary statement in favour under art. 8, paragraph 6-b, of the Decree of the President of the Republic no. 322 of 1998 beyond the stipulated term for the presentation of the statement relative to the tax year following the reference tax year of the supplementary statements (for example, supplementary VAT statement 2016, relative to 2015, presented in 2018).
In the declaration relative to the tax period in which the supplementary statement was presented, a credit is indicated deriving from the lower debt or from a bigger credit resulting from the supplementary statement (art. 8, paragraph 6-quater of the Declaration of the President of the Republic no. 322 of 1998).
To that end, it is necessary to indicate the following data in line VN1:

- **column 1**, the year for which the supplementary statement was presented (for example, for the supplementary statement VAT 2016, indicate 2015);
- **column 2**, ticked by the parent company controlling a VAT group liquidation whatever the credit, to indicate in column 3, emerge from the VAT 26 PR prospectus of a supplementary statement presented in 2018, relative to the same procedure;
- **column 3**, the credit deriving from lower debt or the greater surplus of deductibles resulting from the supplementary statement, for the quota not requested as reimbursement in the same supplementary statement. This amount contributes to the determination of the annual settlement and accordingly, is reported in line VL28, column 1, or in line VW30 if column 2 is ticked;
- **column 4**, the tax code of the subject referred to by the supplementary statement if different from the subject that presented it (for example, in the case of mergers, if the supplementary statement of the merged company was presented by the company performing the merger);
- **column 5**, in the presence of multiple modules as a result of substantial subjective transformations involving the compilation of multiple sections 3 of the part VL, the number that identifies the first of the modules referred to the participant to the transformation (including the declarer) that has presented the supplementary statement (for example, if the merged company has presented, in 2018, before the extraordinary operation, a supplementary statement in favour, and the merging company completes a module for itself and two modules for the merged com-

pany, referring to two businesses managed with separate accounting, the present column must indicate the number 2).

In the case in which supplementary declarations relative to different years and/or different subjects were presented in 2018 (see col. 4) it is necessary to complete a line of the present part for each year of each subject.

It should be noted that although in the year for which the supplementary statement was presented, the subject did not participate in the VAT Group liquidation in which it participates, instead, in 2018, the credit indicated in column 3 may not be integrated into the same procedure because it is related to the prior tax period to that of compliance with the group VAT settlement procedure.

It is noted that the compilation of multiple modules due to the presence of several parts VN does not modify the number of modules which make up the declaration to indicate on the title page.

4.2.13 – PART VL - PAYMENT OF ANNUAL TAX

Part VL consists of three sections. If more than one form is completed because **separate accounts** are kept (art. 36), sections 2 and 3 of this part must be completed, indicating the summary data for all activities declared (see paragraph 3.2) only on the first form complete dand identified as Form 01. If the **return is submitted by a subject resulting from a transformation**, sections 2 and 3 of this part must be completed once only for each subject participating in the operation, and if separated accounts have been kept, the same sections 2 and 3 must be completed only in the first one of the forms for each taxpayer.

SECTION 1 - Calculation of output or input VAT for the tax period

Line VL1 the sum of lines VE26 and VJ20.

Line VL2 indicate the amount from line VF71.

Line VL3 tax owed, calculated from the difference between line VL1 and line VL2.

Line VL4 tax credit, calculated from the difference between line VL2 and line VL1.

SECTION 2 - Credit from previous year

This section must be completed by taxpayers who in their return for the 2017 tax year have indicated an annual credit for which a refund has not been requested.

The section must be completed also by taxpayers who in applying the provisions of the final paragraph of article 73, may not include within the VAT group liquidation procedure the credit surplus emerging from the return relating to the tax period preceding the one in which the group VAT payment procedure was joined. This credit, as specified by resolution no. 4/DPF of 14 February 2008, may be:

- the subject of a request for refund in subsequent years;
- carried over for deduction in subsequent years, once participation in group VAT payment has ceased;
- used in horizontal offsetting, as provided for by article 17 of Legislative Decree no. 241 of 1997, within the limits imposed by applicable legislation.

In addition, it can be transferred by subjects who have opted for tax consolidation as provided for by article 117 of the TUIR (Income Tax Consolidated Act), for the payment of the IRES (Corporation Income Tax) due by the consolidating party.

Line VL8, field 1, indicate the credit emerging from the return for 2017 for which a refund has not been requested but which has been used for deduction or offsetting purposes indicated in line VX5.

In addition, companies that have participated in group VAT payments for the entire tax year as provided for by article 73 must indicate in field 1 refunds requested in previous years for which the competent Office has formally denied the right to the refund, authorising its use in accordance with Presidential Decree no. 443 of 10 November 1997. The amount of the credit must also be indicated in **field 2**. This way of indicating a rejection of the VAT reimbursement also concerns the forms of companies who have carried out extraordinary operations or other subjective relevant transformations (such as, incorporated companies), and who have taken part in the same Group VAT liquidation procedure of the assignee company who submitted the return (such as, the incorporee) until the date of the extraordinary operation. Since it is a credit accrued in a tax period previous to the access to the group VAT payment procedure, it cannot be transferred to the same procedure, but it stays at the controlled company's disposal, as described by Resolution no. 21 of 18 February 2014. In line VL27 instead. In case of participation to the Group VAT liquidation for periods of less than one year (except for the above-mentioned extraordinary operations), this credit must be specified, instead, in line VL26.

For the completion of this line by subjects who during the fiscal year have participated in extraordinary operations or significant transformations relating to taxable subjects which however have not brought about the extinction of the assignor (e.g. partial demergers, conferment, sale or donation of a company branch), note that:

- the assignee (beneficiary, grantee, transferee or donee) must complete this line, in the form relating to operations performed by the assignor, indicating the VAT credit resulting from the return relating to 2017 and transferred to it from this, wholly or partly, as a result of the operation;
- the assignor (company demerged, conferor, transferor or donor) must complete this line indicating any VAT credit emerging from the return relating to 2017 after the transfer effected in relation to the assignee as a result of the operation.

If this credit has been changed by the Revenue Agency following payment of the tax as provided for by article 54-bis, in the line it is necessary to indicate:

- the credit recognised in the communication from the Revenue Agency, if it is greater than the amount declared;
- if the credit recognised (e.g. 800) is smaller than the amount declared (e.g. 1000), this lesser credit (800) must be indicated. If following the communication the taxpayer has instead paid the difference between the declared and recognised credit (200 in the example given) using Form F24, the entire credit declared (1000) must be indicated.

For the completion of this line by companies which previously participated in group VAT payment procedure as controlling companies, please refer to the instructions provided in paragraph 3.4.4.

Line VL9 indicate the VAT credit carried over for deduction or as a set off in the previous return (VAT/2018 return relating to 2017) and carried over for deduction with form F24 prior to submission of the return relating to 2018.
The same line must also include the greater credit recognised in the communication from the Revenue Agency sent in accordance with art. 54-bis and used in any case to set off other sums payable before the submission of the return currently under consideration.

Line VL10 must only be completed by taxpayers who during 2018 participated in a group VAT payment procedure for the entire year and who under the provisions of the last paragraph of article 73 may not include in the same procedure the credit surplus deriving from the fiscal period preceding the year in which it joined the group VAT payment procedure. This line must be completed event in the modules relative to assignors of extraordinary operations (e.g. Companies being acquired) that have participated to the same procedure of groups VAT payments of the assignees (e.g. Acquiring companies) until the date of this extraordinary operation.
This amount is given by the difference between the amounts indicated in lines VL8, field 1, and VL9.
The ways of using the amount indicated in this line must be specified in part VX. Specifically: reporting said credit in line VX2, field 1, and consequently:

– line VX4 must be completed to indicate the amount of refund requested, in accordance with article 30, third paragraph (lesser deductible surplus of the three-year period, see Resolutions nos. 4/DPF of 2008 and 56/E of 2011);
– line VX5 must be completed to indicate the amount to be used in set off in the F24 form. To use it the tax year for the return in which it is indicated must be taken as the relevant year;
– compilation of line VX6 to indicate the amount transferred by the subjects that opted for tax consolidation provided for by articles 117 and following of the consolidated income tax law (TUIR).

Line VL11, **field 1**, indicates the credit deriving from the lower debt or from the greater deductible surplus resulting from the supplementary statements presented in 2018, equal to the sum of the amounts indicated in column 3 of lines from VN1 to VN4 of all the completed modules, for which the column 2 “Group” is not marked. The subjects that participated, in 2018, in a group VAT settlement procedure may not integrate the amount of the credit to that of the procedure if, for the reference year, the same group did not participate in the supplementary statement. In that case, when the declaring company participated, in 2018, in the group VAT settlement for the entire tax year, that amount is indicated exclusively in **field 2** and it must be reported in line VX 2, field 1, and, consequently, with regard to the method of use, the same must be considered for the purposes of completion of lines VX4, VX5 and VX6; differently said amount is indicated in field 1. Field 2 must be completed even by assignors of extraordinary operations (e.g. Acquired companies) that have participated in the same procedure of group VAT payments as the assignee (e.g. Acquiring company) until the date of the extraordinary operations, should it not be possible to merge the credit amount to the procedure.

SECTION 3 - Calculation of output or input VAT

Line VL20 indicate the amount of refunds requested during the year. The amount of infra-annual refunds requested (art. 38bis, paragraph 2) must be specified, even if the refunds, duly requested, have not yet been paid (in full or in part).

Line VL21 indicate the amount of credits transferred by each company which effects group payments as provided for by art. 73. This amount corresponds to the one indicated in column 2 of line VP14 of the communications model of periodic VAT payments. In case of periodical omitted or wrong communications, specify the amounts indicated in section VH.

Line VL22 indicate the amount of deductible tax surpluses relating to the first three quarters of 2018, used in set off with Form F24 up to the date of presentation of the annual return (art. 17, Legislative Decree 241 of 1997). One is reminded that instead of the request for refunds during the year, as provided for by article 8 of Presidential Decree of 14 October 1999, number 542, such credits may be set off against other taxes, contributions and other premiums

owed only by persons who may legitimately request refunds during the year, in accordance with art. 38-bis, second paragraph.

Line VL23 indicate the total amount of interest owed, by taxpayers paying quarterly, in relation to the first three periodic payments, even if this does not coincide exactly with the amount of interest actually paid. Naturally, this line must also include interest (owed in accordance with article 7 of Presidential Decree 542 of 14 October 1999), for quarterly payments made late following successive regularisations. It is pointed out that the amount of interest owed relating to the tax payable when the annual return is made must not be included in this line, but rather in **line VL36**.

Line VL24 must indicate, for each company in the group which was a dummy company for 2017 pursuant to article 30 of Law no. 724 of 23 December 1994, or to art. 2 paragraph 36-decies and 36-indecies of the Decree Law no. 138 dated August 13th 2011, the total amount of credit surpluses transferred during that year and liable to be returned by the controlling company (see resolution no. 180 of 29 April 2008).
IIt is pointed out that the line must not be completed by dummy companies which in the VAT/2018 return indicated the code 4 in line VA15 (dummy companies for the year to which the return applies and for the two preceding years and which during the three-year period did not carry out significant operations for VAT purposes of not less than the amount resulting from the application of the percentages set out in article 30, paragraph 1, of Law no. 724 of 1994). In the aforementioned case, in fact, as clarified by circular no. 25 of 04 May 2007, the provision contained in the final period, paragraph 4, article 30 of Law no. 724 of 1994 applies, entailing the permanent loss of the annual tax credit.

Line VL25 credit surplus from the previous year. This amount is given by the difference between the amounts indicated in lines VL8, field 1, and VL9. Taxpayers who have completed line VL10 may not complete this line.

Line VL26 indicate refunds requested in previous years for which the competent Office has formally denied the right to the refund but has authorised the taxpayer to use the credit for 2016 in the periodic payment or annual return (see also Presidential Decree 443 of November 10, 1997, and circular letter 134/E of 28 May 1998). It is pointed out that the line cannot be completed by companies that have participated in group VAT payment as provided for by article 73 for the entire tax year. This line cannot be filled neither by companies who performed extraordinary operations or other relevant subjective transformations (such as incorporated companies), and who have taken part in the same Group VAT liquidation procedure of the assignee company who submitted the return (such as, the incorporee) until the date of the extraordinary operation. In these cases, the amount of the credit denied must be indicated in line VL8, field 1 and specified also in field 2.

Line VL27, indicate the total amount of special tax credits used for 2018 in the deduction of periodic payments and of the payment on account. As a result of the provisions of art. 1, paragraphs 53 to 57 of Law no. 244 of 2007, any tax credits indicated in part RU may be used, notwithstanding any enactments stipulated by individual institutive norms, to an amount not exceeding 250,000 Euro yearly. For detailed information regarding the amount that can be used as well as credits which are not subject to the limit, refer to the instructions for part RU of the 2019 INCOME forms;

Line VL28, indicate credits used in 2018 by the declarant body or company, transferred by savings management companies as provided for by art. 8 of Decree Law 351 of 2001, already included in section 2 of part VD.

Line VL29, filed 1 indicate the total amount of payments for the tax owed on the first domestic sale of vehicles previously considered intra-community purchases using the designated tax codes introduced under Resolution no. 337 of 21 November 2007. Specifically it must indicate:
• payments made during the year to which the return applies and which regard sales which took place during that year;
• payments made in previous years but which regard sales which took place in the year to which the return applies.

Line VL30 indicate:
• in **field 2**, the total periodic VAT amount owed; this amount corresponds to the sum of VAT amounts indicated in column 1 of line VP14 of the communications model of periodic VAT payments relative to 2018 (without considering the amounts already indicated in column 1 of line VP14 but not paid as they are not higher than EUR 25.82). The amount of the deposit indicated in line VP13, field 2, of this model must be added to previously mentioned totals. In case of omitted or incorrect periodic communications, indicate the amounts inserted in line VH. This field is not to be completed by companies which have participated in the procedure of group VTA payments for the entire year, In case of partial participation during the year, one must only indicate the total VAT amount owed resulting from periodic payments that have been made after the interruption of the procedure of group VAT payments;
• in **field 3**, the total periodic payments, including VAT deposits (see Appendix) and the quarterly interest along with the payment made following amednments indicated in art. 13 of the Legislative Decree no. 427 of 1997, relative to 2018. It is necessary to underline that the total amount of the periodic payment is the total of the VAT data reported in column “Payments made” of the “Treasury section” of the F24 payment module, even if these have not been paid due to credit compensation relative to other taxes (even VAT), fees, bonus for which the following tax codes were used;
  • from 6001 to 6002 for monthly payments;
  • from 6031 to 6033 for quarterly payments and 6034 for payments of the fourth trimester made by taxpayers indi-

cated in art. 73 paragraph 1 letter e and art. 74 paragraph 4;
- 6013 and 6035 for the deposit;
- From 6720 to 6727 for payments made for subcontracts.

In the field, indicate the periodic VAT amount of 2018, paid after receiving communication of the outcomes of the electronic control, under art. 54-bis, concerning the communications of periodical liquidations under art. 21-bis of the Legislative Decree no. 78 of 2010. In particular, the tax amount of the sums paid with code 9001 (net of sanctions and interests) must be indicated, as well as the year 2018, until the submission of the return and, anyway, within the deadline for the return submission.
In the case of a subsidiary company that participated in the Group VAT liquidation and abandoned it after the deadline for paying the advance VAT portion, the company must include the account of the pre-payment already paid on its behalf by the entity or by the principal company in line VK36;
- In **field 1,** the larger amount between the one indicated in field 2 and the one in field 3.

Line VL31 indicate the amount of debits transferred during periodic payments by each company which effects group payments as provided for by art. 73. This amount corresponds to the one indicated, in column 1 of line VP14 of the communications model regarding periodic VAT payments. In case of periodical omitted or wrong communications, specify the amounts indicated in section VH.

Line VL32 total output VAT, to be indicated if the sum of the debit amounts (line VL3 and from line VL20 to VL23) is greater than the sum of the credit amounts (line VL4, VL11, field 1 and from line VL24 to VL31). The relative data is obtained from the difference between the aforementioned amounts.

Line VL33 total input VAT. Calculate the difference between the sum of the credit amounts (line VL4, VL11, field 1 and from line VL24 to VL31) and the sum of the debit amounts in column 1 (line VL3 and from line VL20 to VL23). If the difference between the amounts is positive, please indicate in this line the amount obtained, by considering, among the receivable amounts, field 3 of line VL30 (periodical paid VAT) instead of field 1 of the same line. When calculating the receivables of the return, only the paid amounts should be taken into account. If the calculation brings to a negative outcome, this line must not be filled.

Line VL34 indicate the amount of the tax credit used by special categories of taxpayers for the deduction of output VAT (VL32) when the annual return is made. One is reminded that such special tax credits may be used only for the purpose of paying tax due and, as such, can never be commuted into deductible tax surpluses (to be deducted the following year or to be refunded). As a result of the provisions of art. 1, paragraphs 53 to 57 of Law no. 244 of 2007, any tax credits indicated in part RU may be used, notwithstanding any enactments stipulated by individual institutive norms, to an amount not exceeding 250,000 Euro yearly. For detailed information regarding the amount that can be used as well as credits which are not subject to the limit, refer to the instructions for part RU of the 2019 INCOME forms.

Line VL35 indicate the part of the credit received following transfer carried out by a savings management company as provided for by art. 8 of Decree Law 351 of 2001 and used to reduce the VAT debit resulting from the current return. This amount, already included in line VD54, must not in any case exceed the amount resulting from the following formula: (VL32 - VL34).

Line VL36 indicate the total amount of interest owed by taxpayers paying quarterly, relative to VAT to be paid (output tax) (VL32-VL34-VL35) as annual adjustment.

Line VL37 indicate the part of the input VAT, emerging from the current return, transferred as provided for by article 8 of Decree Law 351 of 2001. Said amount corresponds to the one indicated in **line VD1**.

Line VL38 indicate the total amount of VAT due (output VAT), derived by subtracting from the data indicated in line VL32 any credits used (VL34 + VL35) and adding quarterly interest owed (VL36).

Line VL39 indicate the total input VAT resulting from line VL33.
Savings management companies which, as provided for by art. 8 of Decree Law 351 of 2001, have transferred all or part of the input VAT specified in line VL33, must indicate in the current line the result obtained from the difference between the amounts in line VL33 and line VL37.

Line VL40 indicate the amount corresponding to the excess used credit, net of amounts paid in the form of penalties and interest, if during the tax period to which the return refers amounts requested with specific demands issued following the undue offsetting of existing but unavailable tax credits have been paid (e.g. use of compensation of VAT if there is lack of conformity according to art. 10 paragraph 1 letter a) of the Decree law no. 78 of 2009. By indicating the amount, the validity of this credit is restored and equal to that of the credit generated during the tax period to which the return refers.
If the line is completed by companies that have not participated in group VAT payments, the amount specified, as it is not transferable to the group, must be written in line VX2, field1, and considered when completing lines VX4, VX5 and VX6.

4.2.14 – PART VT - SEPARATE INDICATION OF OPERATIONS CARRIED OUT REGARDING END CONSUMERS AND VAT SUBJECTS

This part has been inserted in order to allow for the separate indication of transfer goods and supply of services carried out regarding end consumers and subjects with VAT registration numbers within the framework of the annual return form, as per article 33, paragraph 13, of Decree Law no. 269 of 30 September 2003, amended by Law no. 326 of 24 November 2003.
This part is destined for all VAT taxpayers who are obliged to present the return and it must only be filled in form 01. In cases of separate accounts or extraordinary operations or substantial subjective transformations, the part must be filled in only once giving indications of the data relative to the various accounts or the various subjects who have participated in the transformation.

Line VT1 ***Division of taxable operations carried out as regards end consumers and subjects with VAT registration numbers***
Field 1 indicate the total amount of taxable operations deriving from the sum of the amounts shown in field 1 of line VE24 of all the forms comprising the return.
Field 2 indicate the total amount of the tax on taxable operations deriving from the sum of the amounts shown in line VE26 of all the forms comprising the return.
Fields 3 and **5** divide up the amount indicated in field 1 respectively between the operations carried out regarding end consumers and those carried out regarding subjects with VAT registration numbers. With regard to such, reference may be made to the payment certification manners outlined in articles 21, 21-bis and 22 or to ulterior criteria that allow for the operation to be qualified for the aforementioned purposes. Taxable operations carried out by artists and professionals are understood to be referred to end consumers except in cases of other qualifications of the receiver, which is deducible from the certification as per article 21 and 21-bis.
Fields 4 and **6** indicate the tax due relative to the operations indicated in fields 3 and 5.

Lines from VT2 to VT22 ***Division of the operations carried out as regards end consumers on a regional basis***
The lines are reserved for taxpayers who, having carried out operations with end consumers, have filled in fields 3 and 4 of line VT1 for the apportionment of these amounts in correspondence to the autonomous regions and provinces where the place or places of business are situated.

4.2.15 – PART VX - CALCULATION OF VAT TO BE PAID OR INPUT VAT

Part VX contains data relating to VAT to be paid or the input VAT and must be completed exclusively using a single form numbered 01.

Completion of part VX by controlling and controlled companies (article 73)
Companies participating in group VAT payments must complete, for the entire tax year, exclusively line VX7 or line VX8 in order to indicate the debit or the credit transferred to the group when the adjustment was effected. These subjects also complete line VX2, field 1, reporting the sum of the amounts indicated in the following lines, for all the modules, regarding credits that cannot be transferred to the group VAT liquidation procedure:
- VL10;
- VL11, field 2;
- VL40.

In case of extraordinary operations (for example acquisition) and if the declaring assignee (for example acquiring companies) participated in the procedure of group VAT payment for the entire tax year, any debit or credit adjustment resulting form part VL of the modules relative to the assignors (for example acquired companies) that did not participate in the above procedure (or if they interrupted said procedure before extraordinary operations), this must be indicated in line VX1 or line VX2, field 1. It is thus necessary to determine the difference between the sum of the debit amounts indicated in lines VL38 and the sum of the credit amounts indicated in rows VL39, both highlighted in parts VL of each subject, external to the group, participating in the extraordinary operation. The amount of said difference (positive or negative) is then added to the sum of the amounts indicated in lines VL10, VL11, field 2 and VL40 of all of the completed forms. Therefore, line VX1 indicates the total amount to pay that is equal to the result of the above-mentioned algebraic sum, if positive. If the result is negative this (total value) is reported in line VX2, field 1.
Here below is how to use the amount indicated in line VX2, field 1:
– line VX4 must be completed to indicate the refund amount requested, in accordance with article 30, third paragraph (lesser credit surplus deductible for the three-year period; see resolutions nos. 4/DPF of 2008 and 56/E of 2011);
– line VX5 must be completed to indicate the amount to be used in set off using the F24 form;
– compilation of line VX6 to indicate the amount transferred by the subjects that opted for tax consolidation provided for by articles 117 and following of the consolidated income tax law (TUIR).
It is pointed out that companies which have left the group because of cessation of control in the course of the year, lies VX7 and VX8 must not be completed and they must indicate the annual balance whether is it debit or credit, respectively in line VX1 or VX2, field 1.

Compilation of part VX in the event of bankruptcy or compulsory administrative liquidation during 2018
Regarding how to complete part VX, please refer to the clarifications provided in paragraph 2.3.

Line VX1 VAT The line must include the amount contained in line VL38. It is pointed out that if line VL40 is completed, excluding cases in which the line has been completed by companies that have participated in group VAT payment for the full tax year, the amount to indicate is the difference between the amounts indicated in lines VL38 and VL40.
In the case of substantial subjective transformations which entail the completion of several sections 3 of part VL (that is, of one section 3 for each entity taking part in the transformation), line VX1 must indicate the total amount payable resulting from the difference, if positive, between the sum of the amounts payable indicated in line VL38 and the sum of the credit amounts indicated in lines VL39 and VL40 deriving from each entity taking part in the tran-sformation in their own part VL.

Line VX2, field 1, VAT credit amount. Indicate the excess amount of annual deductible tax as referred to in line VL39, to be ap-portioned among the following lines VX4, VX5 and VX6 the sum of the amounts indicated in lines VL39 and VL40 must be indicated.
In the case of substantial subjective transformations which entail the completion of several sections 3 of part VL (that is, of one section 3 for each entity taking part in the transformation), line VX2, field 1, must indicate the total sum of deductible surpluses resulting from the difference, if positive, between the sum of the credit amounts indicated in lines VL39 and VL 40 and the sum of the amounts payable indicated in lines VL38 that for each subject result in the tran-sformation of the respective parts.

It is pointed out that dummy companies for the year to which the return refers and for the two previous years that have indicated code 4 in line VA15 may not divide the amount specified in this line in the following lines. To these subjects, the provision contained in the final sentence of paragraph 4, article 30, of Law no. 724 of 1994 applies, with the permanent loss of the annual VAT credit.

Completing line VX2 on behalf of the passive subjects who, starting from 1 January 2019, take part in a Vat Group under art. 70-bis and following amendments.
For these subjects, under art. 70-sexies, the portion of deductible surplus resulting from this return (indicated in **field 1**), corresponding to the amount of paid VAT sums of 2018, should be transferred to the VAT Group starting from 1 January 2019. This amount, already present in field 1, should be indicated in **field 2**.
Thus, the amount of deductible surplus to be divided in the following lines VX4 (also in the absence of the requirements under art. 30), VX5 and VX6, results from the difference between the amount written in field 1 and the amount written in field 2.

Line VX3 ***excess payment.*** Indicate the excess amount paid in comparison with the amount to pay resulting from line VX1. The line must also be completed if, in respect of a tax credit emerging when the annual return is made, a tax payment has been made. In this latter case indicate the entire amount erroneously paid.
Said excess must be indicated in the current line if the annual adjustment has been paid in a lump sum or if it has been paid in instalments but said excess has not been completely or partially recovered by means of the successive instalments.
The line must be used also when, following the submission of a return which is a correction of an existing return by the due date, or a supplementary return as referred to in art. 8, paragraph 6-bis, of Presidential Decree 322/1998, payment exceeding the amount owed results.
The line must also indicate any credit amount for the tax period to which the return refers used as set off exceeding the amount due based on the current return or exceeding the annual limit of 700,000 euros as provided for by article 9, paragraph 2, of Decree Law no. 35 of 2013, and paid spontaneously according to the procedure described in Circular no. 48/E of 7 June 2002 (answer to question 6.1) and in resolution 452/E of 27 November 2008. It is pointed out that the amount of the credit paid must be indicated net of any penalties or interest paid as correction.
The indication in the line of the excess amount paid constitutes a credit which the taxpayers affected will be able to:
– deduct in the year following 2018 or use for the purposes of set off;
– request the refund thereof, if the conditions and requirements listed in art. 30 are met.
With reference to the latter hypothesis of requesting a refund for excess payment, it is clarified that the amount of said excesses must be included in line VX4, field 1.

It is pointed out that in the case of the presence of either a VAT credit in line VX2, field 1, or an excess payment in line VX3 the sum of the amounts in the afore-mentioned lines must be apportioned among lines VX4, VX5 and VX6. As for the passive subjects who, starting from 1 January 2019, take part in a VAT Group under art. 70-bis and following amendments, the indicated amount in line VX3 should be transferred to the VAT Group from 1 January 2019, finally added to the amount resulting from field 2 of line VX2. Thus, in this case, among the above-mentioned lines VX4, VX5 and VX6, the amount that should be divided is only the one resulting from the difference between field 1 and 2 of line VX2.

Line VX4, amount of refund requested. The line is reserved for VAT taxpayers who intend to request the refund of the VAT credit emerging from the annual return relative to the 2018 tax period. One is reminded that the refund, in the cases provided for by article 30, paragraph 2 or by article 34, paragraph 9, is due only if the credit surplus resulting from the annual return is higher than 2,582.28 Euro but may also be requested for a lower amount.
In the case of discontinuance of an activity, the refund is due without limits as to the amount.
In addition to the situations referred to above, the taxpayer may in any event claim the refund where from the declaration for the tax period there is a deductible tax surplus and where from the declarations for the 2 years immediately preceding the current one there are deductible tax surpluses brought forward as a deduction in the following year. In such cases the refund is due for the lesser of the aforesaid surpluses, even if such amount is less than the limit of 2,582.28 euro set out above.
Field 1 must be completed by indicating the amount of refund requested.
Field 2 must be completed by indicating the quota that is part of the refund for which the taxpayer intends to use the simplified refund procedure through the collection agent. We point out that the field must not be completed where refunds are claimed for taxpayers undergoing **insolvency proceedings**, as well as where refunds are claimed by **taxpayers who have discontinued their activity**. The granting of this type of refund falls under the exclusive jurisdiction of the offices of the Revenue Agency (circular letter no. 84 of the March 12, 1998).
This portion, added to the amounts that have been or that will be set off during 2019 in the F24 form, cannot exceed the limit provided for by the regulations in force, amounting to 700.000 euro (article 9, paragraph 2, of Decree Law no. 35 of 2013). Pursuant to art. 35, paragraph 6-ter of Decree Law no. 223 of 04 July 2006, converted by Law no. 248 of 04 August 2006, the aforesaid annual limit is raised to one million Euro with regard to subcontractors at least 80% of whose turnover was accounted for by services provided to fulfil subcontracting agreements (see field 5).
Field 3 must be completed by indicating the code corresponding to the reason for the refund.
For further information on the various circumstances giving rise to a refund, particular reference should be made to the circulars issued by the Revenue General Management: circular letter no. 2 of 12 January 1990, circular letter no. 13 of 05 March 1990 and circular letter no. 5 of 31 January 1991 and, in relation to the criterion for calculating the average tax rate, circular letter no. 81/E of 14 March 1995.

Code 1 – Article 30, paragraph 1, discontinuation of business
Code 1 must be indicated by taxpayers who discontinued their business in 2018.
As specified in circular letter no. 84 of 12 March 1998 owing to the particularity of the problems involved and the checks to be carried out, only the offices of the Revenue Agency can grant this type of refund.

Code 2 – Article 30, paragraph 2, Average rate
Code 2 must be indicated by taxpayers who request the refund in accordance with article 30, paragraph 2, letter a). The provision is directed at persons who solely or ordinarily carry out asset transactions subject to lower tax rates than those applicable to purchases and imports.
The right to the refund exists if the tax rate on average applied to the purchases and imports exceeds that on average applied to the asset transactions carried out, increased by 10%.
In calculating the average tax rate must be calculated to the second decimal place.
The active operations to take into account in order to make the calculation are exclusively taxable operations, including transfer of investment gold that has become taxable as a result of the choice made, industrial gold and pure silver, sales of scrap materials as set out in par. 7 and 8 of article 74, operations carried out pursuant to article 17, paragraphs 6 and 7, and art. 17-ter as well as transfers made to earthquake victims.
The passive operations to consider consist of taxable purchases and imports which are tax deductible.
In addition, with regard to calculation of the average rate, it is pointed out that:
– the purchases, imports and transfers of depreciable assets must be excluded;
– general expenses must be included among the purchases;
– the user may include the tax amount relating to financial lease contracts for depreciable goods (Circular no. 25 of 19 June 2012).

Code 3 – article 30, paragraph 2, non-taxable operations
Code 3 must be indicated by taxpayers who request the refund in accordance with article 30, paragraph 2, letter b), as they have carried out non-taxable operations during the year as provided for by articles 8, 8-bis and 9, in addition to non-taxable operations as provided for by articles 41 and 58 of Decree Law no. 331 of 1993, for a total of over 25% of the total amount of all operations carried out during the 2018 tax period.
You are reminded that the percentage must be rounded up to the higher decimal place.
In particular this is concerned with the non-taxable transactions derived from:
– exports, assimilated transactions and international services provided for in articles 8, 8-bis and 9, as well as equivalent transactions in terms of the law, for example, articles 71 (transactions with the Vatican and San Marino) and 72 (transactions with particular international bodies etc.);
– transfers in terms of articles 41 and 58 of Decree Law No. 331/1993;
– intra-community transfers of goods drawn from a VAT warehouse with consignment in another member State of the European Union (art. 50-bis, paragraph 4, letter f) of Decree Law No. 331/1993);
– the transfers of goods drawn from a VAT warehouse with transport or consignment outside the territory of the European Union (art. 50-bis, paragraph 4, letter g) of Decree Law No. 331/1993).
Transactions carried out outside the European Union by the travel and tourism agencies, which fall within the special regime

provided for by art. 74-ter (see R.M. no. VI-13-1110/94 of 15 November 1994), as well as the exports of used goods and the other goods referred to in Decree Law No. 41/1995 must be included among the non-taxable transactions referred to above.
To determine the overall amount of the asset transactions carried out during the tax year, reference may be made to the sum of the absolute values of lines VE40 and VE50. Where more than one form is completed, reference must be made to the sum of the corresponding lines of the forms.

Code 4 – article 30, paragraph 2, purchases and imports of depreciable goods and services for studies and research
Code 4 must be indicated by taxpayers who request the refund in accordance with article 30, paragraph 2, letter c), exclusively for the amount relative to the purchase or imports of depreciable goods as well as services for studies and research.
As specified by resolution no.122 of 2011, the refund may also be requested by leasing companies that adopt the international IAS/IFRS accounting standards.
As regards the tax discharged on the purchase and import of depreciable goods, we point out that what is due is the refund of the deductible tax relative to the purchases recorded during 2018, as well as to the purchases of the abovementioned goods recorded in previous years, where the refund was not claimed or where it was set off in the F24 form, but where from the accounting entries it appears that the tax was either entirely or partially brought forward as a deduction in subsequent years (cp. circular letter no.13/1990).
Further, the refund is due not only for the purchase and import of depreciable goods, but also for the purchase of same in the execution of procurement contracts or leasing agreements (see circular letter no. 2/1990 and resolution no. 392/2007).
We point out that in terms of Decree Law no. 351 of 25 September 2001, converted into Law no. 410 of 23 November 2001, the refund is due for the purchases of immovable property, as well as for maintenance costs incurred in respect of such assets, where the maintenance was effected by savings management companies in the manner and within the time limits established therein.

Code 5 – Article 30, paragraph 2, Non-taxable operations
Code 5 must be indicated in the case of refunds requested by taxpayers in accordance with article 30, paragraph 2, letter d), who during 2018 carried out mainly non-taxable operations as provided for by articles 7 to 7-septies.
We wish to make it clear that with the aim of establishing the prevalence of the aforesaid transactions with respect to the overall amount of the transactions carried out, it is also necessary to include among the aforesaid transactions the exports and assimilated transactions in terms of articles 8, 8-bis and 9, as well as the transactions in terms of article
41 and article 58 of Decree Law No. 331/93.
In addition, we advise you that the exact total of the transactions "outside application" must be calculated with reference to the time when they were carried out, which is determined using the criteria provided in art. 6.

Code 6 – Article 30, paragraph 2, Conditions provided for by paragraph 3 of art. 17
Code 6 must be indicated by non-resident traders, who have registered themselves directly in Italy in terms of art. 35-ter or who have formally appointed a tax representative within the State, in terms of paragraph 3 of art. 17, which agent is authorized to claim the VAT refund.
By virtue of a measure of 30 December 2005, published in Official Gazette no. 48 of 27 February 2006, the Operational Centre of Pescara was identified as the office with jurisdiction to manage the relations with persons who have registered themselves directly in Italy in terms of art. 35-ter.

Code 7 – Article 34, paragraph 9, exports and other non-taxable operations carried out by agricultural producers
Code 7 must be indicated in the case of refunds requested by agricultural producers who have sold agricultural products listed in Table A - first part, as provided for by article 8, first paragraph, article 38-quater and article 72, in addition to intra-community sales by them. The refund is due for the total amount corresponding to the (theoretical) VAT relative to the non-taxable transactions carried out during 2018 or even in earlier years, if no refund has previously been claimed or, if it was set off in the F24 form but included as a deduction when making the annual return. The refundable amount, like the deductible amount, must be calculated by the application of the percentages of compensation in force during the relevant period (see Ministerial Circular no. 145/E of 10 June 1998).

Code 8 – Article 30, paragraph 3, refund of lesser deductible surplus of the three-year period
Code 8 must be indicated when the refund is due if VAT credit surpluses emerge from the returns for the last 3 years (2016-2017-2018), even if they total less than 2,582.28 Euro. In this case, the refund is due for the smaller of the aforementioned deductible surpluses (relative to the part not already requested as a refund or not compensated in the F24 form). In other words a comparison will be made between the amounts of VAT calculated in deduction with reference to the two previous years:
– for the year 2016, the amount is the one resulting from the difference between the input VAT deducted or set off, indicated in line VX5 and the amounts reflected in line VL9 of the VAT/2018 return relative to the 2017 year, only for that portion relating to the set-offs carried out in the F24 form with taxes different to VAT.
– for the year 2017, the amount is the one resulting from the difference between the input VAT deducted or setoff, indicated in line VX5 and the amounts to be reflected in line VL9 of the VAT/2019 return relative to the 2018 year, only for that portion relating to the set-offs carried out in the F24 form with taxes other than VAT.

Code 9 – Coexistence of several cases
Code 9 must be indicated in cases in which the taxpayer satisfies the requirements for the previous code and for refund of the lesser deductible surplus of the three-year period and has also made purchases of depreciable goods or of goods and services for studies and research, on condition that the tax amount relating to these purchases is not already included in the lesser credit surplus requested as a refund.

Code 10 –Refund of lesser credit surplus not transferable to VAT group liquidation procedure
Code 10 must be used to request the refund, in accordance with article 30, third paragraph (lesser deductible surplus of the three-year period). Specifically, requests for refunds may be presented by taxpayers who opted for group VAT payment in 2017 and who were not able to transfer the credit emerging from the VAT return form for 2016 to the group, and taxpayers who in 2016 were taking part in a group VAT payment procedure as controlling companies and who in 2017, having opted for a group VAT payment procedure as subsidiary companies, were not able to transfer the credit emerging from the summary prospectus VAT 26PR for 2016 to the group (see resolution no. 4/DPF of 2008 and resolution no. 56/E of 2011).
To this end, the following must be taken into account:
– for the year 2016, the amount resulting from the difference between the input VAT deducted or set off indicated in line VX5 of the VAT/2017 return and the amount indicated in line VL9 of the VAT/2017 return for 2016. For former controlling companies in a VAT group, the amount resulting from the difference between the VAT input tax indicated in line VY5 of summary form VAT 26PR/2015 and the amount indicated in line VL9 of the VAT/2018 return for 2017;
– for the year 2017, the amount resulting from the difference between the input VAT deducted or set off indicated in line VX5 of the VAT/2018 return for 2017 and the amount indicated in line VL9 of the VAT/2019 return for 2018;
– for 2018, the amount indicated in line VX2, field 1, VAT/2019 return relating to 2018.
It is pointed out that subjects participating in group VAT payments in years prior to 2017 must take into account the following:
– for the year 2016, the amount resulting from the difference between the input VAT deducted or set off indicated in line VX5 of the VAT/2017 return for 2016 and the amount indicated in line VL9 of the VAT/2018 return for 2017;
– for the year 2017, the amount resulting from the difference between the input VAT deducted or set off indicated in line VX5 of the VAT/2018 return for 2017 and the amount indicated in line VL9 of the VAT/2019 return for 2018;
– for 2018, the amount indicated in line VX2, field 1, VAT/2019 return relating to 2018.

Code 11 – Article 1, paragraph 63, law no. 190 del 2014, flat-rate scheme for natural persons carrying out business activity, arts or professions
Code 11 must be indicated by subjects that starting from the 2019tax year rely on the flat-rate scheme governed by article 1, paragraphs from 54 through 89, of law no. 190 of 23 December 2014, and request the refund of the credit emerging from the declaration for the final year in which the tax is applied in the ordinary ways.

Code 12 – Article 3, paragraph 1, letter c of the Legislative Decree no. 127 dated 5 August 2015
Code 12 must be indicated by those subjects who use the option in art. 1 paragraph 3 from the legislative Decree no. 127 dated August 5th 2015 (electronic submission to the Revenue Agency if the information and of all invoices, received and issued, and the relative variations), and, should the requirement be present, it should also be indicated by those using the above-mentioned option and the one in art 2 paragraph 1 of the above mentioned Legislative Decree (electronic memorization and submission to the Revenue Agency of the daily data of the transfer of assets and services).

Code 13 – Art. 70-sexies
Code 13 must be indicated by the passive subjects who, starting from 1 January 2019, take part in a VAT Group under art. 70-bis and following amendments and want to request the reimbursement of the deductible surplus portion from this return, for the share that has not to be transferred to the Group. The amount of this surplus cannot exceed the difference between the amount written in field 1 and the amount indicated in field 2 of line VX2.
Field 4 is reserved for taxpayers entitled to priority reimbursement of the refund, i.e. taxpayers who are included in the categories provided for decrees issued by the Ministry of the Economy and Finance, in accordance with the second last paragraph of article 38-bis, who are entitled to priority reimbursement of the refund. The box must be completed by indicating the following codes:
"1" reserved for subjects that provide services which fall within the scope of application of letter a) of the sixth paragraph of article 17;
"2" reserved for subjects that carry out activities identified by the code ATECOFIN 2004 37.10.1, i.e. subjects that provide services of salvage and preparation for recycling of waste and scrap metals;
"3" reserved for subjects that carry out activities identified by the code ATECOFIN 2004 27.43.0, i.e. subjects that produce zinc, lead and tin, in addition to semi-finished products manufactured from said non-iron-based metals;
"4" reserved for subjects that carry out activities identified by the code ATECOFIN 2004 27.42.0, i.e. subjects that produce aluminium and semi-processed products.
"5" reserved for subjects that carry out activities identified by the code ATECO 2007 30.30.09, i.e. subjects that produce aircraft, spacecraft and relevant devices.

"6" reserved for subjects that have performed operations with regard to public administrations pursuant to article 17-ter paragraph 1 and of other subjects indicated in paragraph 1-bis of the above mentioned aricle. The priority payment of the refund is made for an amount not exceeding the total amount of the tax applied to the aforementioned operations. This amount must be indicated in **field 5**;

"7" reserved for subjects that carry out the activity identified by the code ATECO 2007 59.14.00, and that is to say the subjects the carry out the activity of film projection.

"8" reserved for subjects that provided the following services: cleaning, demolition, installations and completion of systems which are relative to the buildings indicated in letter a)-ter of paragraph six of art. 17.

"9" reserved for subjects that use the option indicated in art. 1 paragraph 5 of the Legislative Decree no. 127 dated 5 August 2015 (electronic submission to the Revenue Agency if the information and of all invoices, received and issued, and the relative variations), and, should the requirement be present, it should also be indicated by those using the above-mentioned option and the one in art 2 paragraph 1 of the above mentioned Legislative Decree (electronic memorization and submission to the Revenue Agency of the daily data of the transfer of assets and services).

Field 6 is reserved for subcontractors who during the previous year recorded a turnover at least 80 per cent of which was for services provided under subcontracting agreements, regarding which, as a result of article 35, paragraph 6-ter, of Decree Law no. 223 of 4 July 2006, converted by Law no. 248 of 4 August 2006, the annual limit for compensation has been raised to one million Euro. The box must be crossed to indicate this situation.

With regard to the payment method of reimbursements, article 38-b provides:

– the amount of refunds that can be reimbursed without providing the guarantee and any obligation is raised to 30,000 Euro;
– refunds higher than 30,000 Euro can be obtained without providing the guarantee, by filing the yearly return with a certification of conformity or the subscription of the supervisory body and the declaration in lieu of an affidavit attesting the presence of specific capital requirements;
– the guarantee must be provided for refunds higher than 30,000 Euro only in case of risky situations, i.e. when the refund is demanded:

a) by subjects carrying out a business activity from less than two years, except for start-up innovating businesses, as provided by article 25 of Decree-Law no. 179 of 18 October 2012;

b) be subjects who were notified, in the two years before the reimbursement request, assessment or adjustment notices reporting, for each year, a difference between assessed amounts and the amounts of the tax due or those of higher reported credit:

1) 10% reported amounts if they are not higher than 150,000 Euro;
2) 5% reported amounts, if they are higher than 150,000 but not higher than 1,500,000 Euro;
3) 1% reported amounts, or 150,000 Euro if the reported amounts are higher than 1,500,000 Euro;

c) by taxable persons who file the return without the certification of conformity or the alternative signature or do not file the declaration in lieu of an affidavit;

d) by taxable persons who ask for reimbursement of the deductible surplus resulting when the activity ceased.

For further details about the methods of reimbursement regulated by amendments to article 38-bis applied by Legislative Decree no. 175 of 2014, cp. Circular no. 32 of 30 December 2014.

Field 7 is reserved to taxpayers who are not required to provide guarantee. The box shall be completed by indicating the code:

"1" if the return has the certification of conformity or the subscription of the supervisory body and the declaration in lieu of an affidavit attesting the presence of the conditions provided by article 38-bis, paragraph 3, letters a), b) and c);

"2" if the reimbursement is demanded by official receivers and court-appointed liquidators;

"3" if the reimbursement is demanded by savings management companies, described in article 8 of the Decree-Law no. 351 of 2001;

"4" if the reimbursement is requested by the taxpayers that adhered to the collaborative compliance regime provided by art. 3 and following the legislative decree no. 128 of 5 August 2015.

"5" if the refund is requested by the tax payers that use the assistance programme created by the Revenue Agency indicated in art. 4 paragraph 1 of the Legislative Decree no. 127 dated August 5th 2015.

It is stressed that the field must not be compiled by the subjects that have taken part in paying the group VAT. The presence of the conditions for exemption from the provision of the guarantee referred to in points 1), 4) and 5) is signalled by the parent company in prospectus IVA 26/PR through the compilation of part VS, field 8.

Assessment of companies and operational bodies

Article 30, paragraph 4, of Law no. 724 of 23 December 1994 provides that the companies and bodies considered as non-operative have not right to request the reimbursement of the credit resulting from the VAT yearly return. Therefore, the bodies and company who are willing to ask for reimbursement shall issue a declaration in lieu of an affidavit, in accordance with article 47 of Presidential Decree no. 445 of 2000, attesting the lack of the requirements describing

non-operative companies and bodies (Circular no. 146 of 10 June 1998).
As described by Circular no. 32 of 30 December 2014, the declaration in lieu of an affidavit is issued by signing the hereby box. It is pointed out that the declaration of an affidavit, duly signed by the taxpayer, and the copy of his/her identity document are received and stored by the subject who files the return and shall be showed if demanded by the Revenue Agency.
Alternatively to the supplementary statement, companies have the right to request clarification for the purposes of the discontinuation of the guidelines of the non operative company and/or of the guidelines of the company in systematic loss as provided by paragraph 4-b of the cited article 30 (circular no.9 /E of 1 April 2016). In this case, it is necessary to check the **"Clarification" box**, without appending the signature in field 8.

Assessment of capital conditions and payment of contributions

Article 38-bis, paragraph 3, provides the possibility to get refunds higher than 30,000 Euro without providing the guarantee, by filing the yearly return with a certification of conformity or the subscription of the supervisory body and a declaration in lieu of an affidavit, in accordance with article 47 of Presidential Decree no. 445 of 2000, attesting the presence of specific capital requirements. In particular, it is necessary to attest that:

a) net equity did not decrease, compared with the accounting records of the most recent tax period, more than 40%; the properties accounted did not decrease, compared with the accounting records of the most recent tax period, more than 40% for transactions performed during the ordinary activity; the activity itself did not cease or decrease as a result of sales of businesses or business branches included in the above mentioned accounting records;
b) stocks or share of the company were not sold, if the request for reimbursement is filed by capital companies not listed in regulated markets, in the year before the request, for an amount higher than 50% of the share capital;
c) social security and insurance contributions were paid.

As described by Circular no. 32 of 30 December 2014, the declaration in lieu of an affidavit is issued by signing the hereby box. It is pointed out that the declaration of an affidavit, duly signed by the taxpayer, and the copy of his/her identity document are received and stored by the subject who files the return and shall be showed if demanded by the Revenue Agency.

Line VX5 indicate the amount intended to be deducted in the following year and which is intended to be set off in the form F24. Pursuant to article 17, paragraph 1, of the Legislative Decree no. 241 of 1997, the annual VAT credit may be used to offset amounts of over 5,000 Euro starting from the tenth day of the month following the month of submission of the return from which the credit emerges. Furthermore, paragraph 1, let. a), no. 7 of art.10 of Decree Law no. 78 of 2009 also makes the use of the annual tax credit to offset amounts of over 5,000 euros subject to the return bearing the stamp of approval of the return. It is possible to have the return signed by the body appointed to carry out the accounting audit instead of affixing the stamp of ap-proval. The limit is raised to € 50,000 for innovative start-ups by article 4, paragraph 11- novies, of decree law no. 3 of 2015.
For further clarifications and details concerning the provisions introduced by article 10 of Decree Law no. 78 of 2009, see the ordinance issued by the director of the Revenue Agency on 21 December 2009 and Circular no. 57 of 23 December 2009 and no. 1 of 15 January 2010.
The credit indicated in the present line, for the part possibly deriving from line VL11, may be used in compensation to make payments on debts accrued from the tax period following that in which the supplementary statement was presented (art. 8, paragraph 6-quater, of the Decree of the President of the Republic no. 322 of 1998).
It is pointed out that pursuant to article 30, paragraph 4, of Law no. for dummy companies and organisations, the VAT credit emerging from the annual return cannot be used as set off in form F24 as provided for by article 17 of Legislative Decree no. 241 of 1997. It is pointed out, furthermore, that as specified in Circular no. 25 of 4 May 2007, the last sentence of paragraph 4 of article 30 of Law no. 724 of 1994, applies, entailing the permanent loss of the annual tax credit for taxpayers to whom the following conditions concurrently apply:

- a company which, in addition to the current fiscal year, was a dummy company also in 2016 and 2017;

- a company which in the three years 2016-2018 has not carried out significant operations for VAT purposes not less than the amount derived from the application of the percentages set out in article 30, paragraph 1, of Law no. 724 of 1994.

Line VX6, reserved for subjects who have opted for tax consolidation foreseen by article 117 and subsequent articles of the TUIR (Income Tax Consolidate Act). Such subjects may transfer the credit remaining from the annual declaration either totally or partially, for the payment of the IRES (Corporation Income Tax) due by the consolidating party, as a consequence of the group VAT payment. The line must indicate in **field 1** the tax code of the consolidating company and in **field 2** the amount of the credit transferred, as provided for by art. 7, paragraph 1, letter b), of the decree of 1 March 2018 (see circular no. 53 of 20 December 2004 and no. 35 of 18 July 2005). As described by Circular no. 28 of 2014, in order to use as set off credits higher than 15,000 Euro and generated by other subjects the certification of conformity is required or the signature by the control authority both in the transferor statement and in the statement of the subject who uses the credit received.

Notice Lines VX7 and VX8 are reserved for companies who participate in the group VAT payments for the entire year

Line VX7 oved VAT that must be transferred by the controlling and controlled companies that took part in the group VAT payment for the entire year. The line must be completed with the amount indicated in line VL38. This line must not be completed if the total owed VAT should be equal or inferior to EUR 10.33 (EUR 10 due to rounding effects of the tax return).

In case of substantial subjective transformation, that requires the completion of 3 or more sections of part VL (therefore of one section 3 for each subject participating in the transformations) line VX7 must indicate the total VAT amount owed that must be transferred resulting from the difference, if positive, between the sum of the debit amounts indicated in lines VL38 and the sum of the credit amounts indicated in lines VL39 for each subject participating in this transformation in each VL part. Therefore one must exclusively consider the VL parts of the forms for the assignors (for example acquired companies) that have participated in the same procedure of group VAT payments of the assignees (for example acquiring companies) up until the date of the extraordinary operation.

Line VX8 credit VAT that must be transferred the controlling and controlled companies that took part in the group VAT payment for the entire year. The line must indicate the excess yearly tax amount deductible indicated in line VL39 to transfer to the group.

In case of substantial subjective transformation, that requires the completion of 3 or more sections of part VL (therefore of one section 3 for each subject participating in the transformations) line VX8 must indicate the toal amount of excess deductibles that must be transferred resulting from the difference, if positive, between the sum of the credit amounts indicated in lines VL39 and the sum of the debit amounts indicated in lines VL38 for each subject participating in this transformation in each VL part. Therefore one must exclusively consider the VL parts of the forms for the assignors (for example acquired companies) that have participated in the same procedure of group VAT payments of the assignees (for example acquiring companies) up until the date of the extraordinary operation

4.2.16 – PART VO - COMMUNICATION OF OPTIONS AND REVOCATIONS

As provided for by art. 2 of Presidential Decree of 10 November 1997, number 442, the options and revocations provided for with regard to VAT and direct taxes must be communicated, taking into account the concluding behaviour assumed by the taxpayer during the tax year, using exclusively part VO of the annual VAT return.
In the case of exemption from the obligation to present the annual return, part VO must be presented attached to the income tax return. To this end, a specific box is provided on the front cover of the form INCOME 2019 (Personal Income Tax Return) which, when crossed, indicates the inclusion of part VO, completed by the aforementioned persons.
It is emphasised that recourse to such means of communication of options and revocations is rendered necessary exclusively in the case in which the person is not required to present the annual VAT return with reference to other activities carried out or, as already clarified by circular letter 209/E of 27 August 1998, if exemption from the obligation of presentation of the return persists also following the optional system chosen.
The part must be completed to communicate, by crossing the corresponding box, the option or revocation of the methods of tax calculation or of a tax regime different from one's own (see Appendix under the entry "Options and revocations").
Part VO contains **five** sections:
– Section 1: options, waivers and revocations for the purposes of VAT;
– Section 2: options and revocations for the purposes of income tax;
– Section 3: options and revocations for the purposes of both VAT and income tax;
– Section 4: option and revocation for the purposes of tax on entertainment activities;
– Section 5: option and revocation for the purposes of IRAP (Regional Tax on Productive Activities).

SECTION 1 - Options, waivers and revocations for the purposes of VAT

Adjustment of deduction for depreciable goods - Article 19 bis 2, paragraph 4
Line VO1, **box 1** must be crossed by the taxpayer who, as from 2018, has opted for the adjustment of the deduction related to the purchase of depreciable goods as well as to the supply of services relating to the transformation, refurbishment/repair or restructuring of the same goods, even if the variation in the percentage of deduction was not superior to ten percent. This option is binding for five years (ten years if the adjustment regards real estate).

Quarterly payments - Art. 7 of Presidential Decree of 14 October 1999, number 542
Line VO2, box 1 must be crossed by artists, professionals, and by taxpayers who are owners of businesses supplying services which achieved a business turnover not greater than 400.000 Euro or not greater than 700.000 Euro in 2017 if owners of businesses carrying out other activities and which in 2018 have carried out both settlements and periodic payments of VAT quarterly rather than monthly. One is reminded that in the case of simultaneous supply of services and other activities without the distinct recording of related considerations the limit of 700.000 Euro is applicable, for the pur-

poses of the option.
The option, which is binding for at least one calendar year, remains valid until waived, on condition that said premises hold true.
The quarterly payment of VAT entails that the amounts to be paid must be increased by interest of 1%.
Box 2 must be crossed to communicate the waiving of the option.

Agriculture
Line VO3
Art. 34, paragraph 6
Waiving of regime of exemption. Box 1 must be crossed by **exempted agricultural producers** as referred to in paragraph 6, article 34, that is with a business turnover not exceeding 7,000 Euro, who waived, in 2018, exemption from payment of tax and all documentary and accounting obligations, including the annual return, with the exception of the obligation to number and preserve invoices of purchases and customs bills of entry (see Appendix under the entry "Agriculture"). This choice is binding for the taxpayer until waived, and in any case for at least three years.
Box 2 must be crossed by taxpayers who since 2018 waived the renouncement of the exemption regime.

Art. 34, paragraph 11
Application of tax in the ordinary manner. **Box 3** must be crossed by agricultural producers who have applied tax in the ordinary manner starting from the 2018 tax period.
Said option is allowed also for **exempted agricultural producers**, who must at the same time also cross box 1 (waiving of exemption regime), should they wish to apply tax in the ordinary manner.
The option is binding until waived, and in any case for at least three years.
Box 4 must be crossed by taxpayers who, starting from 2018, waived the option for the application of tax in the ordinary manner (see Appendix under the entry "Agriculture").

Art. 34-bis
Application of tax in the ordinary manner. **Box 5** must be crossed by agricultural producers that, as of the 2018 tax period, have applied VAT in the ordinary manner to operations of supply of services, instead of using the special regime provided for by article 34-bis (see Appendix under "Connected agricultural activities").
The option is binding until revocation and in any case for a period of at least three years.
Box 6 must be crossed by taxpayers who, starting from 2018, waived the option for the application of tax in the ordinary ways.

Carrying-out of several activities - Article 36, paragraph 3
Line VO4, box 1 must be crossed by taxpayers who, as of 2018, carrying on several businesses or several activities within the scope of the same business, communicate that they have opted, for said year, for the separate application of tax as provided for by article 36, paragraph 3.
The choice exercised has effect until it is revoked and in any case for at least three years.
Box 2 must be crossed by taxpayers who communicate, starting from 2018, the waiving of the option.

Dispensation for exempt operations - Art. 36-bis, paragraph 3
Line VO5, box 1 must be crossed by taxpayers who communicate that they have made use of, starting from 2018, of the exemption from the obligations of invoicing and recording exempt operations listed in art. 10, with exception made for those exempt transactions specified in numbers 11, 18 and 19 of the same art. 10.
It is pointed out that the option has effect until it is revoked and, in any case, for at least three years and entails the complete non-deductibility of tax relating to purchases and imports.
Box 2 must be crossed by taxpayers who communicate, starting from 2018, the revocation of the option.

Publishing - Art. 74, paragraph 1
Line VO6, box 1 must be crossed by publishers who communicate that they have chosen, the system of VAT calculation on the basis of number of copies sold as from 2018, for each newspaper or publication, or for each issue.
This option, if applied for the entire newspaper or publication, has effect until revoked and in any case is binding for three years.
If, on the other hand, the option is applied for a single issue, it is binding only for the issue itself and may be communicated cumulatively for the issues relating to the entire year.
Box 2 must be crossed by publishers who communicate that they have revoked the option for the calculation of VAT on the basis of the number of copies sold with reference to each newspaper or publication starting from 2018.
For further information regarding the VAT regime for publishing, please see:
- Circular Letter 23 of 24 July 2014;
- Circular Letter 328/E of 24 December 1997;
- Circular Letter 209/E of 27 August 1998;
- Art. 1, paragraph 1, letter g), of Legislative Decree 56 of 1998;
- Art. 6, paragraph 7, letter a), of Law 133 of 1999;
- Art. 52, paragraph 75, of Law 448 of 2001.

Entertainment activities - Request for application of the ordinary regime - Art. 74, paragraph 6
Line VO7, **box 1** must be crossed by those carrying on businesses pertaining to the **organisation of games, entertainment** and other activities as indicated in the tariff attached to the Presidential Decree of October 26, 1972, number 640, as referred to in the sixth paragraph of art. 74, who communicate that they have opted, as from 2018, for the application of the tax in the ordinary manner.
This option is binding until revoked and is subject to a minimum period of applicability of five years, starting from the first of January of the year in which the choice is made.
Box 2 must be crossed in order to communicate the revocation of the previously exercised option (see Appendix under the entry: "Entertainment and show activities").

Intra-community purchases - Art. 38, paragraph 6, Decree Law 331/1993
Line VO8, the option relates to those persons indicated in article 38, fifth paragraph, letter c) of Decree Law 331 of 1993 and, more specifically:
– taxpayers who carry out exempt operations which entail the total non-deductibility of VAT on purchases;
– agricultural producers who benefit from the special regime as referred to in art. 34;
– non-commercial, non-taxable bodies, organisations and other structures.
Box 1 must be crossed by said entities who communicate that they have opted, as from 2018, for the application of VAT in Italy on intra-community purchases.
One is reminded that the abovementioned operation may be carried out only if the total amount of intra-community purchases, also from catalogues, by post and suchlike, made in 2017, has not exceeded 10,000 euro.
This choice has effect starting from the year during which it is exercised and is valid until revoked and, in any case, until the expiry of the two-year period successive to the year during which it is exercised, and on condition that all related requirements remain satisfied.
Box 2 must be crossed by taxpayers who intend to communicate the revocation of the choice previously carried out.

Transfer of used goods - Art. 36, Decree Law 41 of 1995
Line VO9
Art. 36, paragraph 2
Application of the ordinary (or analytical) margin method. Box 1 must be crossed if the taxpayer has exercised the option, starting from 2018, for the ordinary (or analytical) margin method, also for transfers of works of art, antiques or collectors' items imported and for the resale of works of art acquired from the artist (or from his/her heirs or legatees). This option has effect until revoked and, in any case, until the expiry of the two-year period successive to the year during which it is exercised.
Box 4 must be crossed by taxpayers who intend to communicate the revocation of the aforementioned option.

Article 36, paragraph 3
Application of the ordinary VAT regime. Box 2 must be crossed by taxpayers who must communicate that they have applied the ordinary VAT regime in 2018, for one or more operations that are part of the special marginalised regime.
The application of tax in the ordinary manners as per paragraph 3 of article 36 of Decree Law no. 41/95 for certain transfers allows for the deduction of the tax on purchases only with reference to the time in which the operation subject to the original regime and subject to recording in the register as outlined by art. 25. In such cases, if the purchase and the corresponding transfer were carried out in different tax periods, the amount of the purchase will have to be included in line VF15 in the return relative to the year in which this was recorded in so far as not deductible. In the return relative to the tax period in which the corresponding transfer was carried out in the ordinary VAT regime, that constitutes the prerequisite for the deduction of the tax of the relative purchases, the amount of the passive operation should be indicated in part VF both in correspondence with the relative rate for deduction and in correspondence with line VF22 (taxable amount of purchases registered in previous years but with tax payable in 2015) in order to allow for the corresponding amount already indicated in line VF15 of the previous return to be subtracted from the volume of purchases.

Art. 36, paragraph 6
Changeover from the overall method of determining the margin to the ordinary method (or analytical method).
Box 3 must be crossed if the taxpayer has opted for the changeover from the overall method of determining the margin to the ordinary (or analytical method) in 2018 as foreseen by the aforementioned art. 36, paragraph one.
This operation is effective until it is revoked, and at least until the end of the second year following the year during during which it was exercised.
Box 5 must be crossed by taxpayers who intend to communicate the revocation of the aforementioned option.

Intra-community transfers on the basis of catalogues, by post and suchlike. - Art. 41, first paragraph, letter b), Decree Law no. 331 of 1993
Line VO10, taxpayers who carry out intra-community transfers via catalogue, by post and suchlike, who carried out in another member State in the previous year transfers for an amount not exceeding 100,000 Euro, or any smaller amount established by that State, exercise the option, starting from 2018, of applying VAT in the community State to which the goods are bound, by crossing the relevant box.
It is underlined that boxes regarding options and the revocation thereof corresponding to the States for which the choice

was made must be crossed, as distinguished by the ISO code.
Art. 20, second paragraph, of the Ministerial Decree of December 24, 1993, which governs trade between the Republic of Italy and the Republic of San Marino, makes provision for, regarding the application of VAT in said State, for an analogous option for national operators who carry out the abovementioned sales to private residents of San Marino.
The abovementioned options have effect as from 2018 and are valid until revoked and, in any case, until a successive two-year period has passed.
The boxes included in **line VO11** must be crossed by taxpayers who intend to communicate the revocation of the option previously requested, beginning from 2018.

Taxpayers whose bookkeeping is done by third parties - Art. 1, paragraph 3, Presidential Decree no. 100 of 1998
Line VO12, box 1 must be crossed by taxpayers who have entrusted their accounting to third parties and who have exercised the option as provided for by art. 1, paragraph 3, of Presidential Decree no. 100 of 23 March 1998.
This option may be exercised exclusively by taxpayers who make monthly periodic payments and who may refer, for the purposes of the calculation of the difference in tax payable compared with the previous month, to tax which became payable in the second preceding month (see circular letter 29 of 10 June 1991).
For the specific methods of calculation for the purpose of periodic VAT payments and regarding the completion of part VH in such cases, please see the entry in the Appendix "Taxpayers whose bookkeeping is done by third parties".
It is pointed out that the option in question lasts at least one year and remains valid until revoked.
Box 2 must be crossed by taxpayers who intend to communicate the revocation of the option previously exercised.

Application of VAT to sales of investment gold - Article 10, number 11
Line VO13, the current line is reserved for persons who produce or who sell investment gold or transform gold into investment gold and who communicate that they have opted for the application of VAT on the transfers of investment gold in lieu of exemption. Persons who produce, transform or sell investment gold may exercise the option relative to individual operations, obviously without the three-year constraint, by crossing **box 1** of the current line. The same persons may opt, for all operations relating to the sale of investment gold, by crossing **box 2**. The latter option is binding on the taxpayer for at least three years and is valid until revoked, as provided for by article 3 of Presidential Decree number 442 of 10 November 1997.
Box 3 must be crossed by taxpayers who intend to communicate the revocation of the option as per box 2.
If the transferor has opted for the application of the tax, a similar option relative to the individual operation may be made by the intermediary, by crossing **box 4** (see Appendix under the entry "Operations relative to gold and to silver").

Application of the ordinary VAT regime for travelling shows and minor taxpayers - Art. 74-quater, paragraph 5 Line VO14, box 1 must be crossed by persons who put on travelling shows as well as those who carry out other activities relating to shows as indicated in table C enclosed to Presidential Decree 633 of 1972 which have achieved a business turnover during the previous year of no more than 25,822.84 Euro who communicate that they have opted, from 2018, for the application of tax in the ordinary manner.
This option is binding until revoked and is subject to a minimum period of five years, starting from January 1 of the year in which the choice is exercised.
One is reminded that the concessional regime ceases to be applicable with effect from the calendar year following the one in which the limit of 25,822.84 Euro is exceeded (see Appendix under the entry: "Entertainment and show activities").
Box 2 must be crossed to communicate that the option is revoked.

VAT cash accounting scheme – Article 32-bis, Decree Law no. 83 of 2012
Line VO15, **box 1** must be crossed by taxpayers who have communicated that they have opted, as of 1 January 2018, for the VAT cash accounting scheme as provided for by article 32-bis of Decree Law no. 83 of 22 June 2012.
This option is binding until revocation and in any case for a period of at least three years.
Box 2 must be checked to communicate revocation of the option.

SECTION 2 - Options and revocations for the purposes of income tax

Ordinary accounting system for minor businesses - Art. 18, paragraph 6, Presidential Decree no. 600 of 1973
Line VO20, box 1 must be crossed by unlimited partnerships, limited partnerships, shipping companies, de facto companies that carry out commercial activities, individuals who carry on commercial businesses, and non-commercial entities in relation to any commercial activities carried out, who, having achieved revenue in 2017 of not more than 400,000 euros for enterprises providing services or 700,000 euros for enterprises carrying on other activities, have chosen the ordinary accounting system for 2018.
The option is binding for at least a three-year period, after which, it is renewed tacitly for each following year and remains valid until revoked (see paragraph 6.6 of Circular no. 11/E dated April 13th 2017).
Box 2 must be crossed by the abovementioned minor businesses which intend to communicate the revocation of the option exercised.

Ordinary accounting system for artists and professionals - Art. 3, paragraph 2, Presidential Decree no. 695 of 1996
Line VO21, box 1 must be crossed by artists or professionals (article 53 of TUIR (Income Tax Consolidate Act)) who have chosen the ordinary accounting system for 2018.
The option, being an accounting system, lasts a minimum of one year and remains valid until revoked.
Box 2 must be crossed by taxpayers who intend to communicate the revocation of the option.

Determination of income in ordinary manners for other agricultural activities - Art. 56 bis, paragraph 5 of the TUIR (Income Tax Consolidate Act)
Line VO22, box 1 must be crossed by taxpayers who availed of the right to determine their income in the ordinary manners in relation to other agricultural activities. The option is binding until revocation and for at least three years.
Box 2 must be crossed by taxpayers who intend to communicate the revocation of the option.

Calculation of income from farming for agricultural enterprises – Article 1, paragraph 1093, Law no. 296 of 27 December 2006
Line VO23, **box 1** must be crossed by partnerships, by limited-liability companies and by cooperatives which qualify as agricultural enterprises as provided for by article 2 of Legislative Decree no. 99 of 29 March 2004 and which intend to communicate the option to calculate income pursuant to article 32 of the TUIR (Consolidated Income Tax Act). The choice is binding for three years and remains valid until revoked.
Box 2 must be crossed by taxpayers who wish to communicate the revocation of the option.

Calculation of income for companies comprised by farmers – Article 1, paragraph 1094, Law no. 296 of 27 December 2006
Line VO24, **box 1** must be crossed by partnerships and by limited-liability companies comprised by farmers who wish to communicate the option for calculating income by applying the profitability coefficient of 25% to receipts. The choice is binding for three years and remains valid until revoked.
Box 2 must be crossed by taxpayers who wish to communicate the revocation of the option.

Calculation of income in the ordinary manner for connected agricultural activities – Article 1, paragraph 423, Law no. 266 of 23 December 2005
Line VO25, **box 1** must be ticked by taxpayers who have taken advantage of the right to determine the income with ordinary methods in relation to the business of production and sale of electric and heat energy from renewable agro-forestry and photovoltaic sources, beyond the limits of the first period cited by paragraph 423.
The choice is binding for three years and remains valid until revoked.
Box 2 must be crossed by taxpayers who wish to communicate the revocation of the option.

VAT Record keeping for minor businesses – art. 18, paragraph 5, Presidential Decree no. 600 of 1973
Line **VO26 Box 1** must be tricked from smaller companies who kept VAT registers without using annotations relative to collection and payments respecting the obligation to separately track the operations which are not subject to registration for the above mentioned tax. In this case, to simplify, the date of registration must coincide with the date when the collection or payment took place.
The option is binding for a three-year period and it is valid until revoked.

SECTION 3 - Options and revocations for the purposes of both VAT and income tax

Application of the dispositions provided for by Law no. 398 of 1991
Line VO30, **box 1** must be crossed by all subjects who intend to communicate the option chosen, starting from 2018, of the flat-rate calculation of VAT and as provided for by art. 2, paragraphs 3 and 5, of said Law no. 398.
The option is binding until revoked and in any case for at least five years.
The subjects who can opt for such are companies, including co-operatives and amateur sports associations as per art. 90, paragraphs from 17 to 18-ter, of Law no. 289 of 2002; non-profit associations and pro-loco associations to whom the tax regime as per Law 398 of 1991 has been extended by art. 9-bis of Law no. 66 of 1992; non-profit bands and amateur choirs, drama associations, music and popular dance associations that are legally recognised to which art. 2, paragraph 31 of Law no. 350 of 2003 has applied Law no. 398.
Box 2 must be crossed to communicate the revocation of the option (see Appendix under the entry "Entertainment and show activities").

Trade unions and labour associations operating in agriculture - Article 78, paragraph 8, Law no. 413 of 1991
Line VO31, **box 1** must be crossed exclusively by trade unions and labour associations operating in the field of agriculture, which communicate that they have applied, during 2018, the calculation of VAT and income in the ordinary manners as provided for by article 78, paragraph 8 of Law no. 413 of 30 December 1991, as amended by art. 62, paragraph 1, letter a) of Decree Law no. 331 of 1993.
For the associations mentioned, relative to the activity of tax assistance provided for their members, the abovementioned eighth paragraph of article 78 has laid down, in particular, that VAT must be calculated on a flat-rate basis, reducing

the tax relative to taxable operations by a third of its amount by way of a flat-rate deduction of VAT regarding purchases and imports.
The abovementioned associations may, however, calculate VAT and income in the ordinary way and in such a case must cross box 1 to communicate such a choice. The option has effect until revoked and, in any case, for at least three years.
Box 2 must be crossed by the abovementioned associations who intend to communicate the revocation of the option.

Farm holiday sector - Art. 5, Law no. 413 of 1991
Line VO32, **box 1** must be crossed by those carrying out activities in the farm holiday sector, as referred to in Law no. 96 of 20 February 2006, who have opted, starting from 2018, for the deduction of VAT and income in the ordinary manners and thus communicate that they have not made use of the flat-rate calculation of the tax as provided for by art. 5 of Law no. 413 of 30 December 1991. The option is binding for three years and is valid until revoked.
Box 2 must be crossed to communicate that the option is revoked.

Flat-rate scheme for natural persons carrying out business activity, arts and professions as provided for by article 1, paragraphs from 54 through 89, of law no. 190 of 23 December 2014
Line VO33, box 1 must be checked by the taxpayers that, possessing the requirements for application of the scheme provided for by article 1, paragraphs form 54 through 89, of law no. 190 of 2014, opted, in 2017, for determination of VAT and of income in the ordinary ways. The option is mandatory for three years and it is valid until withdrawal.
Box 2 must be ticked to communicate the withdrawal of the option.

Tax advantages for young entrepreneurs and redundancy workers as provided for by article 27, paragraphs 1 and 2, of decree law no. 98 of 2011.
Line VO34, box 1 must be ticked by taxpayers having applied the favourable fiscal regime under article 27, paragraphs 1 and 2 of the legislative decree no. 98 of 2011, having opted, in 2018, for the calculation of the VAT and income with ordinary methods. **Box 2** must be ticked by taxpayers who, having opted for, in 2014, in meeting the access requirements to the favourable fiscal regime under art. 27, paragraphs 1 and 2 of legislative decree no. 98 of 2011, for the ordinary VAT and income determination regime, withdraw the option made and access, from 2018, the flat tax regime under article 1, paragraphs from 54 to 89, of law no. 190 of 2014 (circular no. 10/E of 4 April 2016, par. 3.1.1).
Box 3 must be crossed by taxpayers that have chosen, under art. 10, paragraph 12-undecies of the Law Decree no. 192 of 2014, during 2015 for the implementation of the tax advantages under art. 27, paragraphs 1 and 2, of the Law Decree no. 98 of 2011, withdraw the choice made and enter, from 2018, the flat-rate tax regime under art. 1, paragraphs from 54 to 89, of law no. 190 of 2014.

SECTION 4 - Option regarding tax on entertainments

Application of tax on entertainment in the ordinary manner - Article 4 of Presidential Decree no. 544 of 1999
Line VO40, **Box 1,** must be crossed by persons who communicate that they have, from 2018, calculated the taxable base in the ordinary manner.
Box 2 must be crossed by taxpayers who intend to communicate the revocation of the option previously used.

SECTION 5 - Option regarding IRAP (Regional Tax on Productive Activities)

Calculation of the taxable base for IRAP (Regional Tax on Productive Activities) by public entities who also carry out commercial activities (art. 10-bis, paragraph 2, Legislative Decree no. 446 of 15 December 1997)

Line VO50, Box 1 must be crossed by public entities as referred to in article 3, paragraph 1, letter e-bis), of Legislative Decree no. 446 of 15 December 1997, who have opted for, as provided for by art. 10-bis, paragraph 2, of the aforementioned Legislative Decree no. 446 of 1997 the calculation of the taxable base for the purposes of IRAP (Regional Tax on productive activities) using the criteria laid down in article 5 of the same Legislative Decree (cp. circular letter 148/E of 26.07.2000 and circular letter 234/E of 20.12.2000).
Box 2 must be crossed by taxpayers who intend to communicate the revocation of the option previously used.

4.2.17 PART VG - ADHERENCE TO THE PLANNED REGIME FOR CONTROLLING AND CONTROLLED COMMERCIAL COMPANIES

The framework is reserved to corporations or parent companies that intend to make use, starting 2019, of the particular VAT tax compensation procedure envisaged by ministerial decree of 13 December 1979, as amended in the Ministirial Decree dated 13 February 2017, laying down the implemen-tation regulations of the provisions under art. 73, last paragraph (as substituted by paragraph 27 of art. 1 of the law no. 232 of 11 December 2016), relative to one or more commercial companies considered "controlled" within the mea-ning of the rule in question.
The corporation or parent company communicates the exercising of the option for the aforementioned procedure to the Revenue Agency by competing the present part of the declaration for the purposes of the VAT presented in the calendar year for which it intends to exercise the option. The option is valid until it is revoked. This may be exercised following modalities and terms described in the communication for the option. For group VAT payments procedures

which are already undergoing, this part will be completed exclusively to communicate the suspension, or the interruption or new participation of one or more parent companies, with effect January 1 2019.
Each variation of the data relative to the parent company that intervened within the course of the year must be communicated to the Revenue Agency with thirty days with the VAT26 form.

The part is made up of:
- section I for the indication of data relating to the commercial companies that participate in VAT compensation,
- section II for the indication of data relating to the companies that participate in the control chain, but not in VAT compensation.
- section III for the suspension of the previously exercised option.

SECTION 1 - Companies participating in VAT compensation

Section I reports the data relative to the companies that participate in the VAT compensation procedure. This section is also used to communicate the interruption or the commencement of the procedure of one or more parent company, starting January 1st 2019, when the procedure is already taking place (in this case section 2 must indicate the data, not communicated with the option, of the companies participating in the control chain but not in the VAT compensation).

Line VG1 indicates the data of any company that holds the majority of shares or securities of the controlling corporation or company, and that has renounced the use of group payment. Specifically, field 1 must indicate the data beginning from which, and without interruption, the ownership began. In fields 2, and 3 respectively, the VAT number, and the percentage of ownership of the subject in control must be indicated.
Corresponding with **lines VG2** to **VG4**, the data of the subsidiary companies is indicated.
Specifically:
- **field 1** must indicate the data beginning from which, and without interruption, the ownership began. This field must not be completed if the field 4 box (interruption) is ticked.
- In **fields 2**, the VAT number of the subsidiary company.
- In **fields 5** and **6** the VAT number, and the percentage of ownership of the subject holding the majority of stocks or securities. This data should be found in the accounting documentation of the compa-ny.
Field 4 box (interruption) is ticked.
The boxes in **field 3** and **4** are respectively ticked in case of entrance or interruption to the procedure from the parent company indicated infield 2, from January 1st 2019. In this case, the companies interrupting or entering the procedure must be indicated in this section.
In case the non-residing subject who holds the majority of the shares or quotas does not have a VAT in the territory of the State, the box of **field 7** must be crossed and field 5 should not be filled.
If the number of companies is higher than 3, they may use numerous modules numbered in succession.

SECTION II - Companies participating in the control chain, but not in VAT compensation

Section II reports data relative to the subjects who participate in the control chain, thus giving reason for the group payment for the companies that follow the chain, through the possession, at least from July 1st of the prior calendar year to that of the exercise of the option, of stocks and securities in the quantity required by the regulation, but with respect to which the provisions in question are not used.
Data concerning the non-residing subjects who, although belonging to the control chain, have no VAT in the territory of the State, must not be indicated.
In the assumption of indirect control of numerous level, the data regarding the subjects that have renounced (initial links) should be indicated with priority, and in order of each control chain, and successively, in the sequence of the same chain, the data of the companies that, although having the requirements, do not participate in the group settlement (intermediate links). It is not necessary to report data of the companies that do not participate in the compensation, and are connected as the final links in the control chain.
For example, the control chain of type A-B-C-[D]-E-[F]-[G]-H, if C is the company head-declarer and D,F,G the companies chosen for group payment.
In section I, line VG1, the data regarding company B and, in progressive order, the data of companies D, F and G , must be indicated. In section II the data relating to companies A and B (renouncers) and E (intermediate ring) must be reported.
In lines **VG5** and **VG7**, in **fields 2**,1, 3 and 4 information on owner's personal data and in particular in **field 1** the date from which, and without interruption, the ownership began, in **field 3** the VAT tax number, and in **field 4** the percentage of ownership of the subject holding the majority of stocks and securities must be indicated. In case the non-residing subject who holds control has no VAT in the territory of the Sate, the box of **field 6** must be crossed and field 3 must not be filled.
By taking the above example, subject B is non-resident and has no VAT in the territory of the State. In Section I the data of company A must be indicated in line VG1 and, progressively, data of the companies D, F and G. In Section II,

data concerning the companies A (withdrawing company) and E (middle ring) must be indicated, without indicating the data concerning company B. In case A is the non-residing company and it has no VAT in the territory of the State, in section I, line VG1, data of the company B must be indicated and, progressively, data of the companies D, F and G: in section II, data concerning the companies B (withdrawing company) and E (middle ring) must be indicated, while fields 1, 4 and 6 must be filled (to report that B is controlled by non-residing A).
Box 5 must be checked by the subject that precedes the controller in the control chain, and that renounces the use of the group VAT governance. If the number of companies is higher than 3, they may use numerous, successively numbered modules.
If the number of companies is higher than 3, they may use numerous, successively numbered modules.

SECTION III - Revocation

The box of line VG8 must be crossed to communicate the exercise of the revocation of the VAT compensation procedure envisaged by the ministerial decree of 13 December 1979, with effect from 1 January 2019. In this case, they should not be completed the previous sections. It should be noted that the compilation of several modules due to the presence of several VG panels does not change the number of modules of which the declaration is to be indicated on the title page.

4.3 CONTROLLING COMPANY - SUMMARISING PROSPECTUS FOR THE GROUP FORM VAT 26PR/2019 - PAYMENT OF GROUP VAT

Part VS, VV, VW, VY and **VZ** which comprise the **VAT** prospectus **26PR/2019,** making up part of the annual VAT return, are reserved for controlling bodies and companies. The parts summarise the data regarding group VAT payments (article 73 and Ministerial Decree of 13 December 1979 as amended in Ministerial Decree dated 13 February 2017).

The controlling company must provide the territorially competent collection agency both with the guarantees provided by the individual companies relative to their own credit surpluses set off and the guarantees provided by the controlling company relative to the group credit surplus set off, as provided for by article 6 of the Ministerial Decree of 13 December 1979.
It is pointed out that the guarantees provided by the individual controlled companies, although presented by the controlling company, must be made out to the territorially competent Office of the Revenue Agency in relation to each controlled company.
It is pointed out that article 13 of the Legislative Decree no 175 of 21 November 2014 replaced article 38-bis, by significantly innovating the discipline pertaining the application of VAT refunds, starting from 13 December 2014 and especially removing the general obligation to provide the guarantee. For further details see Circular no. 32 of 30 December 2014

4.3.1 – PART VS - Section 1 - List of companies in the group

This section demands the indication of all persons participating (including the controlling company) in the set off for 2018, for which the following must be indicated:
- **field 1,** VAT registration number;
- **field 2,** reserved for companies which participated as assignors in extraordinay operations in 2018. The box must be ticked if the assignor interrupted the procedure of group VAT payments in the course of 2018 and before the extraordinary operation;
- **field 3,** the last month in which the controlling and controlled companies took part in group payment (12 in the case of the entire year). Number 12 is indicated for both suspension or interruption of the procedure of group VAT payment starting from January 1st 2019 and in case of prosecution of the said procedure for the same year;
- **field 4**, if the company of the group is a dummy company pursuant to article 30 of Law no. 724 of 23 December 1994, or pursuant to article 2, paragraphs 36-decies and 36-undecies, of Decree Law no. 138 of 13 August 2011, implemented with amendments by Law no. 148 of 14 September 2011, indicate the code corresponding to the following situations:
  "1" dummy company for the year to which the return refers;
  "2" dummy company for the year to which the return applies and for the previous year;
  "3" dummy company for the year to which the return applies and for the previous two years;
  "4" dummy company for the year to which the return applies and for the previous two years and which has not carried out significant operations for VAT purposes not less than the amount derived from the application of the percentages set out in article 30, paragraph 1, of Law no. 724 of 1994.
- **field 5**, the total of the refund stock during the year ascribable to each company in the group;
- **field 6,** the transferred credit surplus, which must correspond to the amount indicated in line VK23 (credit surplus) of the return of each individual company participating in group VAT payment;
- **field 7,** credit surplus set off, which must correspond to the amount indicated in line VK24 (credit surplus set off) of the return for each individual company taking part in the group payment procedure.

• **field 8** , reserved for subsidiaries that are not required to give guarantee. The box must be completed indicating the code:
"1" if the return of the controlled company has the certification of conformity or the subscription of the supervisory body and the supplementary declaration attesting the presence of the conditions provided by article 38-bis, paragraph 3, letters a), b) and c);
"2" if the subsidiary adhered to the collaborative compliance regime provided by art. 3 and following legislative decree no. 128 5 August 2015;
"3" if the controlled company used the assistance programme provided by the Revenue Agency indicated in art. 4 paragraph 1 of the Legislative Decree no. 127 dated August 5th 2017.
• **field 9,** the reason for the annual refund (see Appendix under the entry "Controlling and controlled companies - Reason of refund");
• **field 10**, the amount of the share of refund, to be included in line VY4, ascribable to every group company. This amount shall find correspondence with that indicated under line VK25 (excess requested as refund by parent company) of the declaration of the individual company taking part in the group payment;
• **field 11**, the code corresponding to the prerequisite which gives entitlement to priority reimbursement of the refund:
"1" companies that provide services which fall within the scope of application of letter a) of the sixth paragraph of article 17;
"2" companies that carry out activities identified by the code ATECOFIN 2004 37.10.1, i.e. subjects that provide services of salvage and preparation for recycling of waste and scrap metals;
"3" companies that carry out activities identified by the code ATECOFIN 2004 27.43.0, i.e. subjects that produce zinc, lead and tin, in addition to semi-finished products manufactured from said non-iron-based metals;
"4" companies that carry out activities identified by the ATECOFIN 2004 code 27.42.0, i.e. subjects that producer aluminium and semi-processed products.
"5" subjects that that carry out activities identified by the code ATECO 2007 30.30.09, i.e. subjects that produce aircraft, spacecraft and relevant devices.
"6" reserved for subjects that have performed operations with regard to public administrations pursuant to article 17-ter. And other subjects indicated in paragraph 1-bis of the mentioned article. The priority payment of the refund is made for an amount not exceeding the total amount of the tax applied to the aforementioned operations. This amount must be indicated in **field 12**;
"7" reserved for subjects that carry out the activity identified by the code ATECO 2007 59.14.00, and that is to say the parties the carry out the activity of film projection.
"8" reserved for subjects who have provided the following services: cleaning, demolition, installation of systems, and completion with regard to buildings for which the tax is owed by the transferee, pursuant to article 17, paragraph 6, letter a-ter.
"9" reserved for subjects that use the option indicated in art. 1 paragraph 3 od the Legislatove Decree no. 127 dated August 5th 2017 (electronic submission to the Revenue Agency if the information and of all invoices, received and issues, and the relative variations), and, should the requirement be present, in this option and the one in art 2 paragraph 1 of the above mentioned Legislative Decree (electronic memorization and submission to the Revenue Agency of the daily data of the transfer of assets and services).

If the lines should not be sufficient for the indication of all companies taking part in the group payment procedure, another part VS must be used, indicating "02" in the field "Form N.", and so on.

The completion of several parts VS of the form does not change the number of forms comprising the return, to be indicated on the front cover.

SECTION 2 - Summarising data

In this section, indicate:
– **line VS20,** field 1 contains the total refund requested for subjects in possession of the necessary legal requirements, and field 2 contains the number of such persons;
– **line VS21,** field 1 must indicate the total number of subjects who have taken part in the group payment, including the controlling company; field 2 must indicate the number of subjects who have made use of special VAT concessions following exceptional events (see Appendix, "Person affected by exceptional events");
– in **line VS22,** field 1, the number of subjects who set off their own surplus in the group payment; field 2, the number of subjects exempt from providing guarantees.

If the number of persons taking part in the group payment is greater than the number of lines provided in section 1, lines VS20, VS21 and VS22 must be completed only on form 01.

SECTION 3 - Guarantees of the controlling company

Line VS30 must indicate the residual tax surpluses of the companies in the group which, not having been set off in the previous year (2017) as provided for by art. 6 of the Ministerial Decree of 13 December 1979 and thus not having been guaranteed, have been included in deduction in 2018 by the controlling company and have been set off with debit surpluses of other companies in the group in the course of the same year. It is pointed out, as specified in ministerial order 626305 of 20 December 1989, that for the purposes of accounting clarity such group credit surpluses are assumed to have been set off prior to other credits transferred from the companies during 2018.
For the amount indicated in line VS30 the controlling company is required to advance the guarantees as provided for by article 6 of the Ministerial Decree of 13 December 1979. Naturally, such guarantees must be advanced separately from the guarantees which the same controlling company must produce for any tax surplus set off resulting in the line VK24 of its own return, relative to the same tax year.

4.3.2 – PART VV- PERIODIC PAYMENTS OF GROUP

Notice: Part VV must be completed exclusively if there is the intention to send, integrate or correct omitted, incomplete or incorrect data regarding communications of periodic VAT payments (see resolution no 104/E dated 28 July 2017). In this case, all requested information must be indicated, even data not subject to sending, integration or correction. In case sending, integration and correction requires com-pletion without inserting information in this part (for example the result of the payment is equal to zero) the box "VV", in part Vz, section "Completed parts", needs to, in any case, be ticked. In case the omitted, incomplete or incorrect data should not need to be indicated in this oar, its completion is not necessary.

This part must include accounting data referring to periodic group payments made by the controlling body or company for the entire group, deriving from the periodic payments transferred from the controlling body or company and from the controlled companies and noted in the summarising register as provided for by article 4 of the Ministerial Decree of 13 December 1979, kept by the parent company.

Line VV17 indicate the amount of the advance payment owed, calculated for the whole group of the controlling company (cp. circular letter no. 52 of 03 December 1991).
The **method box** must be completed by indicating the code for the method used for calculating the advance VAT payment:
– **"1"** historical;
– **"2"** forecast;
– **"3"** analytical - actual.

For information on how to complete part VV please refer to paragraph 4.2.9, part VH

4.3.3 – PART VW - PAYMENT OF ANNUAL GROUP TAX

Part VW constitutes a summary of amounts for the purposes of the annual payment of the group tax debit or credit.

Notice: In order to complete this part, parts VL and VK, regarding tax returns relative to companies which in 2018 (for the entire year or for a portion of it) participated in the procedures of the group VAT payments, must be taken into consideration. It is also important to consider the forms relative to assignors in extraordinary operations that participated in the same procedure. Parts VL and VK must not be considered in forms containing declarations and relative to assignors, external to this procedure, in extraordinary operations.

SECTION 1 - Calculation of VAT due or input VAT for the tax period

Line VW1 must include the sum of the amounts resulting from the corresponding lines VL1 of the returns of the controlling company and controlled companies, and in cases of transfer of control during the course of the year, this data may be obtained from line VK30.
Line VW2 must report the sum of the amounts resulting from the corresponding lines VL2..

Line VW3 must indicate tax payable, given by the difference between line VW1 and line VW2, if the amount in line VW1 is greater than the amount in line VW2.

Line VW4 must indicate the tax credit, given by the difference between line VW2 and line VW1, if the amount in line VW2 is greater than the amount in line VW1.

SECTION 2 - Calculation of output or input VAT

Lines VW27, VW29 and VW30 must also include the amounts resulting from the corresponding lines of part VL (VK section 3, in case of participation to group VAT payments for a portion of the year) of the returns presented by the individual com-

panies which have taken part in the group VAT payment.

Line VW20 indicate the amount of refunds during the year requested by the controlling company for the entire group. With regard to the requirements necessary to be able to make use of the procedure for refunds during the year, one is reminded, as specified in the aforementioned Ministerial Order n. 626305 of 20 December 1989, that these must exist with regard to companies who have transferred the credit which is the object of the refund.
In this regard it is underlined that the amount of refunds during the year duly requested by the controlling company must be indicated even if these have not been carried out yet.
In addition, the same line VW20 must include the portion of the amount of the advance payment made by the controlling company on behalf of the controlled companies which left the group after the final deadline or the advance payment (see also line VK36).

Line VW21 indicate the total amount of credit surpluses transferred by each company of the group which is a dummy company pursuant to article 30 of Law no. 724 of 23 December 1994, or pursuant to article 2, paragraphs 36-decies and 36-undecies, of Decree Law no. 138 of 13 August 2011, implemented with amendments by Law no. 148 of 14 September 2011. The figure to indicate is comprised by the sum of the amounts indicated in field 6 of the lines in section I of part VS for which the box provided in field 4 has been completed. In compliance with legislation regarding dummy companies, in fact, credits transferred from the aforementioned companies to the group may not be used to set off debts transferred from other participating companies and must be retransferred to non-operating subsidiary companies (see resolutions no. 26 of 30 January 2008 and no. 180 of 29 April 2008).

Line VW22 indicate the amount of deductible tax surpluses relating to the first three quarters of 2018, used in set off by the controlling company with form F24 up to the date of presentation of the annual return. One is reminded that, as provided for by art. 8 of Presidential Decree of 14 October 1999, number 542, such credits may, instead of the request for refunds during the year, be set off with other taxes, contributions and other premiums owed.

Line VW23 must indicate the sum of interest owed, transferred from the controlled companies, relative to the first three periodic quarterly payments (see Ministerial Circular no. 37 of 30 April 1993). It is pointed out that the amount of interest owed relative to the tax payable when the annual return is made, must not be included in this line, but must be indicated in **line VW36.**

Line VW24 indicate the part of the credit included in line VW25 of the return which has been used in set off against other taxes using form F24.

Line VW25 must indicate the amount of the credit for the previous year for which a request for refund has not been made, resulting from line VY5 of the VAT summarising prospectus 26PR/2018 for the year 2017, submitted by the controlling com-pany for the entire group.

Line VW26 must indicate any group credit, for which refund was requested in previous years, in the case in which the competent Office formally denied the right to the refund and authorised the taxpayer to use said credit for 2018 when making periodic payments or the annual return.

Line VW27 must indicate the sum of specific tax credits used by individual companies for periodic payments and for the advance payment, resulting from lines VL27 or VK33, in the returns of the companies in the group.

Line VW28 The following must be indicated in line VW28:
- in **column 2** the sum of the amount in field 1 part VL11 pertaining to the tax returns of all of the companies that participated in the group VAT payments for the entire tax year (also taking into account the forms referring to assignors in extraordinary operations that participated in the same procedure of group VAT payments until the date of the operation);
- in **column 1**, aside from the amount in column 2, the credit deriving from the lowest debt or from the highest deductible excess resulting from integrated group tax returns presented in 2018 and for which " Group" is ticked in column 2.

Line VW29 must indicate the sum of the amounts present in each box in line VL29 or VK34 of one's own tax return

Line VW30 must indicate
-in **field 2** the total periodic VAT amount owed; this amount corresponds to the sum of the VAT amounts indicated in column 1 line VP14 of the communication model regarding group VAT periodic payments relative to 2018 (without taking into consideration the amounts already indicated in column 1 line VP14 that have not been paid as they are inferior to EUR 25.82). This amount is added to the deposit amount indicated in line VP13, field 2, of the above-mentioned model. In case of omitted or incorrect periodic communication, it is necessary to indicate the amounts inserted in part VV;
-in **filed 3** the total of periodic payments, including the advance VAT payment (see Appendix) and quarterly interest, as well as the tax paid following amendments as referred to by article 13 of Legislative Decree no. 472 of 1997 relative to 2018. It is pointed out that the total amount of periodic payments results from the sum of the VAT data in the

column "output amount paid" in the "Treasury section" of the F24 payment forms for which the tax codes have been used relative to periodic payments, even if not actually paid, due to set offs with credits relative to other taxes (or also to VAT), contribu-tions and premiums. In the field, indicate the periodic VAT amount of 2018, paid after receiving communication of the outcomes of the electronic control, under art. 54-bis, concerning the communications of periodical liquidations under art. 21-bis of the Legislative Decree no. 78 of 2010. In particular, the tax amount of the sums paid with code 9001 (net of sanctions and interests) must be indicated, as well as the year 2018, until the submission of the return and, anyway, within the deadline for the return submission.

-in **field 1**, the highest amount between the one indicated in field 2 and the one indicated in field 3.

Line VW32 must include the total of output VAT, to indicate if the sum of the credit amounts (VW4 and from VW25 to VW30 column 1) is lower than the sum of the debit amounts (VW3 and from VW20 to VW25). The relevant data is derived from the difference between said amounts using the following formula:

[(VW3 + VW20 + VW21 + VW22 + VW23 + VW24) – (VW4 + VW25 + VW26 + VW27 + VW28, col.1+ VW29 + VW30, col.1)]

Line VW33 must include the total of output VAT.
Calculate the difference between the sum of the credit amounts (VW4 + VW25 + VW26 +VW27 + VW28, col. 1 + VW29 + VW30, col. 1) and the sum of the debt amounts (VW3 + VW20 + VW21 + VW22 + VW23 + VW24). If such difference is positive, indicate in this line the amount obtained by considering, among the amounts, field 3 of line VW30 (periodical paid VAT) instead of field 1 of the same field. In calculating the credit amount resulting from the declaration, in fact, only the paid amounts must be considered. If a negative amount results from this calculation, this line must not be completed.

Line VW34 must indicate the amount of tax credits used by companies adhering to the group when making the annual return.

Line VW36 must indicate total interest transferred, by companies making quarterly payments adhering to the group, when making the annual return.

LineVW38 Total VAT payable. If the sum of the amounts resulting from lines VW32 and VW36 is greater than the sum of the amounts resulting from lines VW33 and VW34, the difference must be indicated in this line.

LineVW39 Total input VAT. If the sum of the amounts resulting from lines VW33 and VW34 is greater than the sum of the amounts resulting from lines VW32 and VW36, the difference must be indicated in this line.

Line VW40 indicate the amount corresponding to the excess used credit, net of amounts paid in the form of penalties and interest, if during the tax year to which the return applies amounts requested with specific demands issued following the undue offsetting of existing but unavailable tax credits have been paid. By indicating the amount, the validity of this credit is restored and equal to that of the credit generated during the tax period to which the return refers.

4.3.4 – PART VY - CALCULATION OF VAT PAYABLE OR GROUP TAX CREDIT

This part must indicate VAT payable or the tax credit relating to the group VAT liquidation procedure.
In addition, by completing this part, in particular line VY4, the controlling body or company requests the refund of the credit emerging from the summarising prospectus of the procedure.

Line VY1 amount payable. Indicate the amount specified in line VW38. If line VW40 is completed, the amount to be indicated is the difference between the amounts indicated in lines VW38 and VW40. This line must not be completed if the total amount of VAT payable is equal to or less than 10.33 Euro (10.00 Euro as a result of rounding-off carried out in the return).

Line VY2, field 1, credit amount. Indicate the amount of the annual deductible tax surplus as referred to in line VW39, to be apportioned among the following lines VY4, VY5 and VY6. If line VW40 is completed, include the sum of the amounts referred to in lines VW39 and VW40.

Compilation of line VY2 on behalf of the controllers who, starting from 1 January 2019, participate in a VAT Group under art. 70-bis and followings.
For these subjects, under art. 70-sexies, the part of the deductible surplus resulting from this prospectus (indicated in field 1), for the share corresponding to the amount of VAT payments made in 2018, must be transferred to the VAT Group from 1 January 2019. The amount of this surplus, already included in field 1, must be indicated also in **field 2**. Thus, the amount of the deductible surplus to be divided among the following lines VY4 (also in absence of the requirements under art. 30), VY5 and VY6 results from the difference between the amount written in field 1 and the amount indicated in field 2.

Line VY3 excess payment. Indicate the excess amount paid in comparison with the amount payable indicated in line VY1. The line must also be completed in the case in which, with reference to a tax credit arising during the completion

of prospectus 26PR/2019, a tax payment has been made. In the latter case indicate the entire amount erroneously paid. Said surplus must be indicated in the current line if the annual adjustment has been paid in a single instalment or if it has been paid in instalments but said surplus has not been either fully or partly recovered with successive instalments.
The line must also indicate any credit amount for the tax period to which the return refers used as set off exceeding the amount due based on the current return or exceeding the annual limit of 700,000 euros as provided for by article 9, paragraph 2, of Decree Law no. 35 of 2013, and paid spontaneously according to the procedure described in Circular no. 48/E of 7 June 2002 (answer to question 6.1) and in resolution 452/E of 27 November 2008. It is pointed out that the amount of the credit paid must be indicated net of any penalties or interest paid as correction.

It is pointed out that in the case of either a VAT credit in line VY2, field 1, or a surplus payment in line VY3 the sum of the amounts indicated in the abovementioned lines must be apportioned between lines VY4, VY5 and VY6. For the controllers who, starting from 1 January 2019, participate in a VAT Group under art. 70-bis and followings, the amount indicated in line VY3 must be transferred to the VAT Group starting from 1 January 2019, even summed to the amount resulting from field 2 of line VY2. Thus, in this case, among the above-mentioned lines VY4, VY5 and VY6, only the amount resulting from the difference between fields 1 and 2 of line VY2 must be divided.

Line VY4, indicate in this line the amount of refund requested. The relative amount must coincide with the amount resulting in line VS20, **field 1**, with the exception of the hypothesis of refund of the lesser deductible surplus of the three year period or in the case the controller enters in a VAT Group from 1 January 2019.
Note that refunds may be requested only by the controlling body or company in relation to the companies comprising the group to which the credit surplus refers, in possession of the requirements of article 30 (ref. circular letter no. 13 of 05 March 1990).
In **field 2** the quota that is part of the refund for which the controlling company intends to use the refund procedure by means of the tax collection agency must be indicated.
Such stock, added to the amounts which have been or will be set off during 2019 in the form F24, may not exceed the amount as provided for by existing laws of 700.000 Euro (article 9, paragraph 2, of Decree Law no. 35 of 2013).
The box of **field 3 "VAT Group art. 70-bis"** must be crossed from the controller that, starting from 1 January 2019, participates to a VAT Group under art. 70-bis and followings and wants to ask a reimbursement for the deductible surplus resulting from this prospectus, for the share that must not be transferred to the same Group. The amount of such surplus cannot exceed the difference between the amount written in field 1 and the amount written in field 2 of line VY2.

Line VY5, indicate the amount which is intended to be deducted the following year or which is intended to be offset in the F24 form. Pursuant to art. 17,paragraph 1, law decree no 241 from 1997, as amended by article 8, paragraphs 18 and 19 of De-cree Law no. 16 of 2012, the annual VAT credit may be used to offset amounts of over 5,000 euros starting from the tenth day of the month following the month of submission of the return from which the credit emerges. For further clarifications and details concerning the provisions introduced by article 10 of Decree Law no. 78 of 2009, see the ordinance issued by the director of the Revenue Agency on 21 December 2009 and Circular no. 57 of 23 December 2009 and no. 1 of 15 Ja-nuary 2010.

The credit indicated in the present line, for the part possibly deriving from line VW28, may be used in compensation to make payments on debts accrued from the tax period following that in which the supplementary statement was presented (art. 8, paragraph 6-quater, of the Decree of the President of the Republic no. 322 of 1998).

Line VY6, which is reserved for controlling bodies and companies who have opted for the tax consolidation as per ar-ticle 117 and subsequent articles of TUIR (Income Tax Consolidate Act). Such subjects must transfer the group VAT liquidation credit resulting from the annual return either totally or partially, for the compensation of the IRES (income tax for the corporate bodies) due from the consolidating party. The line must indicate in **field 1** the tax code of the consolidating company and in **field 2** the amount of the credit transferred, as provided for by art. 7, paragraph 1, letter b), of the de-cree of 1 March 2018. As described by Circular no. 28 of 2014, in order to use as set off credits higher than 5,000 Euro and generated by other subjects the certification of conformity is required or the signature by the control authority both in the transferor statement and in the statement of the subject who uses the credit received.

4.3.5 – PART VZ - DEDUCTIBLE GROUP SURPLUSES RELATIVE TO PREVIOUS YEARS

This part must be completed only in the case of a request for refund of the lesser deductible surplus of the last three years, as provided for by article 30, paragraph 4, which can be carried out only by the controlling company if it has reported, in the two years immediately preceding (2016 and 2017), a group tax surplus, including it in deduction the following year, and has also found for the 2018 tax year a group credit surplus (in line VY2, field 1, of the summarising

prospectus). In such cases, the refund will be due for the lesser deductible surplus (relative to the part not already requested in a refund or not compensated in form F24). In other words, a comparison will be made between the amounts of VAT calculated in deduction with reference to the two previous years (to be indicated in lines **VZ1** and **VZ2** respectively):

– **for the year 2016,** the amount is that resulting from the difference between the input VAT outlined in the deduction or in the set off indicated in line VY5 of the VAT/2017 return and the amount indicated in line VW24 of the VAT/2018 return regarding the year 2017, for the part regarding the set off carried out in form F24 with taxes other than VAT only.
– **for the year 2017** the amount is that resulting from the difference between the input VAT outlined in the deduction or in the set off indicated in line VY5 of the VAT/2018 return and the amount indicated in line VW24 of the VAT/2019 return regarding the year 2018, for the part regarding the set off carried out in form F24 with taxes other than VAT only.

4.3.6 – COMPLETED FRAMEWORKS

In this section it is necessary to tick the boxes relating to the completed frameworks.

APPENDIX

PAYMENT OF VAT ON ACCOUNT (LINE VH13)

The obligation to make the payment of VAT on account annually by 27 December, was introduced by article 6, paragraphs from 2 to 5 quater, of the Law of 29 December 1990, no. 405, and subsequent modifications (cp. in this regard Circular Letters no. 52 of 03 December 1991, no. 73 of 10 December 1992 and no. 40 of 11 December 1993, resolution no. 157 of 23 December 2004). For taxpayers operating in the field of telecommunications, identified by Decree no. 366 of 24 October 2000, and those that supply water, gas and electricity or provide solid urban waste collection and disposal services, etc., identified by Decree no. 370 of 24 October 2000, article 1, paragraph 471, of Law no. 311 of 27 December 2004, a specific method for calculating the payment on account has been introduced. In particular it has been stipulated that said subjects who in the previous year paid an total amount of VAT of more than two million Euro must calculate the payment on account as 97% of the average quarterly payments that were or should have been made for the previous quarters of the current year. This method of calculation of the payment on account excludes both the historical and forecasting methods, while the option to use the so-called actual calculation method as per paragraph 3-bis of article 6 of Law no. 405 of 1990 (cp. Circular Letter no. 54 of 23 December 2005 and resolution no. 144 of 20 December 2006) is still in place.
The subjects indicated in paragraph 1, article 5 of the Ministerial Decree dated January 23rd 2015 (split payment), as amended by the Ministerial Decree dated June 27th 2017, must pay the deposit indicated in art. 6 paragraph 2 of law no. 450 dated December 29th 1990, following the outlined procedures, taking into account the tax that has become chargeable as per above-mentioned Decree (see circular 28/E dated December 15th 2017).

TRAVEL AGENCIES

SECTION 1 - Travel and tourism agencies (article 74-ter)
Article 74-ter introduces the fiscal regulation governing the activities carried out by travel and tourism agencies that organize and sell tour packages comprising trips, holidays, "all-inclusive" packages and related services, events, conventions and the like for their own account, or through an agent, that entail more than one service against payment of a single consideration, which constitutes a single transaction. From an objective point of view it is specified that the tour packages are those established in terms of article 2 of Legislative Decree no. 111 of 17 March 1995.
The services relating to individual tourism services in terms of paragraph 5-bis of article 74-ter arelikewise subject to the special regime with the base from base detractive method, on condition that these services were previously acquired and available to the travel and tourism agency. Individual services mean the "block" purchase of individual tourist services (such as, for example, hotel rooms or seats on flights) regardless of the traveller's specific request. The same provisions are applicable to tour organizers, which means subjects, no matter how they are structured (associations, public or private bodies, etc.) that organize and make tour packages, as defined in the first paragraph of article 74-ter referred to above, available to travellers. The special regime does not however apply to travel and tourism agencies that merely carry out intermediary activities vis-à-vis customers, in other words that act in the name and on behalf of travellers. In such circumstances the ordinary criterion for the determination of VAT, based on the "tax from tax" deductive system, is applicable.For example, hotel reservations, travel bookings, the sale of tickets for conveyance, services relating to the endorsement of passports and similar documents, carried out at the traveller's request, fall within this category. For further information regarding the special regime applicable to the aforesaid sector, please refer to Ministerial Circular no. 328/E dated 24 December 1997 and the regulations approved by Ministerial Decree no. 340 dated 30 July 1999.
In order to determine what information to indicate in the parts that comprise the return Prospectus A is provided below, and must be completed in advance and shown on request to the competent revenue agency office.

PROSPECTUS A
TO BE USED FOR COMPLETING THE RETURN

LINE	TRIPS	CONSIDERATIONS	COSTS
1	Wholly inside the EU		
2	Wholly outside the EU		
3	Mixed		
4	**TOTAL** (sum of lines 1, 2 and 3)		
5	**Apportion the mixed costs**: EU portion		
6	Outside EU portion		
	Determinations of the EU and outside EU portions of the considerations		
7	Percentage obtained from mixed costs (line 5 : line 3) x 100		%
8	Mixed considerations for the EU portion (line 3 x line 7) : 100		
9	Amount of EU considerations (line 1 + line 8)		
10	Amount of the outside EU considerations (line 2 + line 3 - line 8)		
11	Amount of deductible costs (line 1 + line 5)		
12	Cost credit relative to the previous year (from line 14 of the 2017 prospectus)		
13	**Gross taxable base** [line 9 - (line 11 + line 12)]		
	or		
14	**Cost credit** [(line 11 + line 12) - line 9]		
15	**Net taxable base at 21%**		

HOW TO COMPLETE PROSPECTUS A:

– In **line 1** indicate the amount of the considerations and costs relative to trips made wholly within the European Union (EU);
– in **line 2** indicate the amount of the considerations and costs relative to trips made outside the EU;
– in **line 3** indicate the amount of the considerations and costs relative to mixed trips, i.e. those made partly within the EU and partly outside the EU;

– in **line 4** indicate the total of the considerations and costs set out in the preceding lines;
– in **lines 5 and 6** indicate the costs relative to mixed trips (referred to in line 3), indicate the EU portion and the portion outside the EU separately;
– in **line 7** indicate the percentage of the mixed costs [(line 5 : line 3) x 100];
– in **line 8** indicate the EU portion of the considerations relative to mixed trips, determined by multiplying the amount of the considerations in line 3 by the percentage determined in line 7;
– in **line 9** indicate the amount of the taxable considerations, being the sum of the considerations relative to trips carried out wholly in the EU (line 1) and the EU portion of the considerations relative to mixed trips (line 8);
– in **line 10** indicate the amount of the considerations relative to trips carried out outside the EU, calculated by adding the amounts in lines 2 and 3 and subtracting the amount in line 8.
It is pointed out that the relative amount is added to the other non-taxable operations carried out towards the request for a refund (line VX4, field 3, code 3);
– in **line 11** indicate the amount of the deductible costs, obtained by adding the sum of the costs relating to trips undertaken wholly within the EU (line 1) and the costs relating to the EU portion (line 5) of mixed trips;
– in **line 12** indicate the cost credit relating to the previous year, obtained from line 14 of Prospectus A of the VAT/2018 return relating to 2017;
– in **lines 13 and 14**, which must be completed in an alternative manner, indicate the gross taxable base or the cost credit by applying the following formula:

[line 9 - (line 11 + line 12)]

If the result is positive, the relative amount must be indicated in line 13. If the amount is negative it must be indicated in line 14, but with the positive sign;
– in **lines 15** indicate the net taxable base at 22%.

Carrying forward the information contained in the prospectus to the parts of the return
In order to determine the business turnover and total purchases, some of the information contained in prospectus A must be carried forward to parts VE and VF, in accordance with the criteria set out below:
a) if there is a gross taxable base (i.e. if line 13 was completed), the amount in line 15 (net taxable base at 22%) must be carried over to line **VE23** in addition to any other taxable transactions carried out.
The remaining portion of the considerations, being the difference between the total contained in line 4 and the amount shown in line 13, must be reflected in line **VE32**, in addition to the amounts of the other non-taxable transactions that may have been carried out;
b) where there is a cost credit (i.e. if line 14 was completed), the total of the considerations shown in line 4 must be reflected in line **VE32**, in addition to the amounts of the other non-taxable transactions that may have been carried out.
In both cases the total of the costs indicated in line 4 must be carried forward to **line VF15** and added to any other non-taxable transactions carried out, with the exception of purchases made by taxpayers who have opted for the lighter regime to be indicated in line **VF17**.

AGRICULTURE

1. The concept of the agricultural producer
In terms of article 34, second paragraph agricultural producers are:
a) subjects who carry out the activities referred to in article 2135 of the Italian Civil Code, as well as subjects who carry out activities relating to fresh water fishing, fish-breeding, mussel farming, oyster breeding and the breeding of other molluscs, shellfish and frogs;
b) the interceding agricultural entities, or other persons on their behalf, who transfer products in the application of European Union regulations concerning the common organization of the markets for the products themselves;
c) the cooperatives, their consortia, associations and their unions established and recognized in terms of the legislation in force, which transfer goods produced by the members, associates or participants, in their original state or which are subject to handling or transformation; the bodies, which by law, (even subject to manipulation or transformation), arrange for the collective sale on behalf of the producers. Associative organisations that sell agricultural products principally produced by their members, on the totality of transfers of agricultural and ichthyic products that fall under the categories listed in table A, part I, contained in Presidential Decree no. 633 of 1972 (cp. Circular Letter no. 1 of 17 January 2006).

2. Special VAT regime for agricultural producers
For the transfers of agricultural and ichthyic products included in the first part of table A) (enclosed to Presidential Decree no. 633 of 1972) by agricultural producers, independently of the business turnover, the deduction provided in article 19 is flat-rated in proportion to the amount resulting from the application of the set-off percentages to the taxable amount of the transactions themselves. The set off percentages are established for the groups of products by means of a decree of the Ministry of Finance acting in agreement with the Minister for Agricultural Policies, and finally amended by the Decree of 2 February 2018.
The tax is applied using the tax rates for the individual products, except for the application of the tax rates corresponding to the set-off percentages for the transfer of products from the subjects referred to in paragraph 2, letter c) of article 34, who apply the special regime and for transfers carried out by the subjects referred to in paragraph 6 of article 34.

3. Exempt farmers
Agricultural producers whose business turnover did not exceed 7,000 euros in 2017 are exempt from paying tax, as well as from all documentary and accounting obligations, including the annual return.
At least two thirds of the business turnover must be made up of the transfers of agricultural and ichthyic products included in the first part of table A annexed to Presidential Decree no. 633 of 1972 (Circular Letter no. 328/E of 24 December 1997 and Circular Letter no. 154 of 19 June 1998, paragraph 2).

4. How to complete the return
The form below gives an explanation for the various types of agricultural producers on how to complete the various parts of the

return.

Agricultural Producer Business Turnover (= under) < or = 7,000 Euro agricult. transfers (= up) > or = 2/3 of Bus. Turnover	EXEMPT FROM COMPLETING THE RETURN				
Exempt Agricultural Producer that has exceeded the 1/3 limit for operations other than agricultural ones	**VE Sec. 1** Agricultural transactions with set-off percentages	**VE Sec. 2** Other transactions with own tax rates	**VF** Recorded purchases	**VH** NO	**VF Sec. 3-B** **VF38** (from VE sec. 2) for other transactions; **VF50** deduction due for transactions indicated in VF38; **from VF39 to VF49** (from VE sec.1) **VF53** deduction of theoretical VAT
Agricultural Producer Business Turnover > 7,000 Euro (ordinary special regime)	**VE Sec. 1** Contributions to cooperatives with set-off percentages	**VE Sec. 2** Transfers of agricultural products with own tax rates. Other transactions with own tax rates	**VF** Recorded purchases	**VH** YES	**VF Sec. 3-B** **VF38** (from VE sec. 2) for other transactions; **VF52** deduction due for transactions indicated in VF38; **VF39** to **VF49** from **VE** sec. 1 and sec. 2 (forn corresponding set-off percentages) **VF53** deduction of theoretical VAT
Cooperatives and other subjects as per letters b) and c) art. 34	**VE Sec. 1** Contributions to consortia with set-off percentages	**VE Sec. 2** Transfers of agricultural products with own tax rates. Other transactions with own tax rates	**VF** Recorded purchases	**VH** YES	**VF Sec. 3-B** **VF38** (from VE sec. 2) for other transactions; **VF52** deduction due for transactions indicated in VF38; **VF39** to **VF49** from **VE** sec. 1 and sec. 2 (forn corresponding set-off percentages) **VF53** deduction of theoretical VAT

5. Determining the VAT allowed in deduction *(Part VF - Section 3-B)*

The following explanation is provided for agricultural business that must complete section 3-B of part VF.

Line **VF38** is reserved for mixed agricultural business, i.e. those concerns that also carried out taxable transactions different to those indicated in paragraph 1 of article 34 and in paragraph 1 of article 34-bis, in respect of which the taxpayer deducts the tax relative to purchases and imports of goods that are not depreciable and relative to services that are used exclusively for the production of goods and those relative to services that form the subject-matter of the transactions themselves. It should be noted that for the correct identification of the aforementioned different operations, it is necessary to refer to the concept of connected agricultural activities, of art. 2135 of the Civil Code. In fact, the concept of agricultural business-person includes the connection between agricultural business, subject to the special VAT regime provided by art. 34, all the activities performed by the agricultural business-person, and directed towards the manipulation, conservation, transformation, commercialisation and enhancement, on the condition that they regard "mainly" products obtained from the cultivation of the earth, of the forest, or from the farming of animals.

Wherever the requirement of "prevalence" is satisfied (i.e. the goods of own production "prevail" in comparison to those purchased from third parties), the regulations concerning the so-called "mixed concerns" provided for by paragraph 5 of article 34, do not apply.

The mere marketing of products purchased from third parties by the independent farmer are excluded from the special VAT regime provided for by article 34 insofar as such activity lacks any instrumental and complementary link with the activity of cultivating the land, the woods and breeding. For further details please refer to Circular Letter no. 44 of 14 May 2002.

The taxable amount and the tax from the transfers of products and services other than agricultural ones (already included in section 2 of part VE) carried out by the mixed agricultural business, must be carried forward to line **VF38**. The deductible tax corresponding to these transactions must be carried forward into line **VF52** To calculate the tax that may be deducted to the extent permitted by paragraph five of article 34, the taxpayer must perform the calculations separately on the basis of the explanations supplied in paragraph 6.4. of Circular Letter no. 328/E of 24 December 1997.

FARM HOLIDAYS

Article 5, paragraph 2, of Law no. 413/1991, makes provision for a specific flat-rate system for the calculation of VAT due for subjects who carry out farm holiday activities in terms of Law no. 96 of 20 February 2006. For these subjects the tax due is determined (by way of a difference) applying the flat rate deduction of 50% to the tax relative to the taxable transactions recorded or subject to being recorded during the period (see instructions for completing lines VF30 and VF71).

In terms of paragraph 1 of article 5 referred to above, this system of the flat rate determination of the tax is also applicable to income taxes, excluding capital companies.

In addition to this, the aforesaid article gives taxpayers who do not want to determine the tax due on a flat rate basis, the right to communicate their choice when submitting their VAT return relative to the year in which the choice was made, which is also valid as regards income taxes (see line VO32). It is emphasized that agricultural producers, who carry out both agricultural, as well as farm holiday activities must use separate accounting in terms of paragraph 4 of article 36 and submit the annual return, completing two (or more) forms. Where separate accounts are kept, the taxpayer must issue an invoice, subject to VAT, for the internal transfers from one activity to the other.

CONNECTED AGRICULTURAL ACTIVITIES

Article 2, paragraph 7, of Law no. 350 of 24 December 2003 (2004 budget law) introduces a flat-rate VAT deduction regime for agricultural businesses that conduct "activities that produce goods and supply services as per the third paragraph of article 2135 of the Italian Civil Code". This regime, which is governed by article 34-bis, states that tax owed is to be calculated by applying a percentage of flat-rate deduction of 50 percent to the tax relative to taxable operations carried out (cp. instructions for completing lines VF30 and VF71).

Circular Letter no. 6 of 16 February 2005 states that the regime introduced by article 34-bis applies only to the supply of services principally "through the use of equipment or resources that are normally employed in the agricultural activity conducted" (cp. the final part of paragraph 3 of article 2135 of the Civil Code).

With regard to the accounting regime, the aforementioned circular letter no. 6 of 2005 specifies that in the case of the combined conduct of agricultural activity subject to the special regime as per article 34 and supply of services subject to the flat-rate deduction regime as provided for by article 34-bis, an obligation exists to adopt separate accounting methods in accordance with article 36. This obligation does not exist if the tax-

payer decides to opt for the application of tax in the ordinary manner to both activities. In this regard, it should be noted that communication of the option provided for by paragraph 2 of article 34-bis must be given by crossing box 5 of line **VO3**. This option is binding until revoked and, in any case for at least three years.
Revocation is communicated by crossing box 6 of line VO3.
The adoption of separate accounting methods entails the completion on the part of agricultural business of two (or more) forms in order to clearly distinguish the accounting data relative to the activity subject to the special regime as per article 34 from data relative to the activity subject to the flat-rate deduction regime provided for by article 34-bis. As circular letter no. 6 of 2005 makes clear, the specific regime governed by article 34-bis is applicable also to the supply of services carried out on an occasional basis. In this case there is no obligation to institute separate accounting methods. However the aforementioned operations should be noted separately.
In order to allow taxpayers concerned to submit their annual VAT return on a single form, section **3-C** of part **VF** includes line **VF62** (cp. instructions for completing lines VF55 and VF71).
Purchases relating to these operations must be carried forward to line **VF15**.
The prospectus below clarifies how agricultural producers who have applied the special regime governed by article 34-bis must complete the return.

Activities conducted	Method of completing the return
Agricultural activity under regime according to article 34 Connected agricultural activity under regime according to article 34-bis	Obligation to adopt separate accounting 1 module for agricultural activity and completion of section 3-B of part VF 1 module for connected agricultural activity and completion of line VF30 part 7
Agricultural activity under ordinary regime owing to option Connected agricultural activity under regime according to article 34-bis	Obligation to adopt separate accounting 1 module for agricultural activity 1 module for connected agricultural activity and completion of line VF30 part 7
Agricultural activity under regime according to article 34 Occasional operations under regime according to article 34-bis	Distinct noting of operations under regime according to article 34-bis 1 module including both data relative to agricultural activity and data relative to occasional operations with application of article 34-bis agricultural activity completion of section 3-B box VF occasional operations under article 34-bis completion of line VF62
Agricultural activity under ordinary regime owing to option Occasional operations under regime according to article 34-bis	Distinct noting of operations under regime according to article 34-bis 1 module including both data relative to agricultural activity and data relative to occasional operations with application of article 34-bis occasional operations under article 34-bis completion of line VF62

ENTERTAINMENT AND SHOW ACTIVITIES

Legislative Decree no. 60 of 26 February 1999 in carrying out the delegation contained in Law no. 288 of 03 August 1998 (which provided for the abolition of the tax on shows and the introduction of the tax on entertainment limited to certain activities) drew a distinction between the entertainment activities listed in the tariff enclosed to Presidential Decree no. 640 of 26 October 1972 (which are subject to the tax on entertainment and VAT on the basis of the special criteria imposed by paragraph six of article 74), and the show business activities indicated in table C, enclosed to Presidential Decree no. 633/1972, whose activities are subject to VAT on the basis of the ordinary criteria only and to whom the provisions of article 74-quater apply to these activities.
For an explanation regarding the reforms applied to the tax regulations applicable to entertainment and show business activities, please refer to circular letter no. 165/E of 07 September 2000, circular letter no. 247/E of 29 December 1999, Resolution no. 371/E of 26 November 2002 and circular letter no. 1 of 15 January 2003.

1. Entertainment activities

The main features of the special VAT regime applicable to entertainment activities, regulated by paragraph 6 of article 74 can be summarized as follows:
– application of VAT on the same taxable base as the tax on entertainment;
– application of a flat-rate deduction;
– exemption from accounting obligations, including that of submitting the annual return;
– obligation to keep separate accounts, in terms of paragraph 4 of article 36, for activities other than entertainment activities;
– payment of VAT in the same way and with the same deadlines as those applicable to the tax on entertainment. In terms of article 6 of Presidential Decree no. 544 of 30 December 1999, (which provides for the simplification of the taxpayers' obligations relative to the tax on entertainment), the payment of both taxes must be made using the consolidated payment form (form F24). In particular, the tax codes 6728 for the tax on entertainment and 6729 for the flat-rate VAT connected to the tax on entertainment, must be indicated.

In terms of paragraph 1, of article 1 of Presidential Decree no. 544/1999 subjects who organize the activities listed in the tariff attached to Presidential Decree no. 640/1972 and who apply the flat-rate regime referred to in paragraph 6 of article 74 of Presidential Decree no. 633/1972 are obliged to issue an invoice only for the services relating to advertising, sponsoring, transfers or granting of television filming and radio broadcasting rights, no matter how they are connected to the activities contained in the tariff. On the other hand, on the basis of access rights issued with suitable meters or computer-based ticket offices, these subjects may certify the considerations for entrance to or occupation of the venue and thus the considerations for participating in the entertainment and for the other activities subject to the tax on entertainment.
In terms of paragraph 6 of article 74 the regime does not apply to the transactions not subject to the tax on entertainment, which include the advertising services that may be carried out in the performance of entertainment activities.
Consequently, these transactions are subject to the ordinary VAT regime. Limited to the aforesaid transactions, one derives the following:
– the determination of the taxable base according to general criteria;

– the determination of the deduction according to the principles imposed by article 19;
– the compliance with the obligations in heading II, as to payment and submission of the annual return.
The flat-rate VAT regime imposed by paragraph 6 of article 74 is the natural VAT regime for subjects who carry out activities relating to the organization of games, entertainment and the other activities referred to in the tariff enclosed to Presidential Decree no. 640/1972. These persons are nevertheless entitled to take advantage of the right to have the tax applied in the ordinary manner.
In terms of Presidential Decree no. 442 of 10 November 1997, which regulates the manner of communicating the options concerning value added tax and direct taxes, the subjects who are obliged to communicate the option exercised in 2018 must cross box 1 of line **VO7**.
The option is valid until it is revoked and in any event lasts for at least five years.
The communication of the revocation must be effected by crossing box 2 of line **VO7**.

2. Show activities
The show activities contained in table C enclosed to Presidential Decree no. 633/1972 are subject to value added tax exclusively according to the general principles that regulate the tax.
As an exception to the general rules regarding VAT, article 74-quater, provides specific provisions for show business activities, which deal with:
– the identification of the start of the performance as the moment in which the tax is levied at the start of the carrying out of the event, with the exclusion of the transactions carried out by way of subscription;
– certification of the considerations based on access rights issued with meters or computer-based ticket offices.
In addition to this, paragraph 5 of article 74-quater introduces a special relief system. This system is reserved for persons that conduct travelling shows, as well as those carrying out the other types of show activities contained in table C enclosed to Presidential Decree no. 633/1972, whose business turnover in the previous year did not exceed 25,822.84 Euro. In terms of this system, the taxable base is determined as being fifty percent of the aggregate amount of the considerations collected, with the VAT paid on purchases being completely non-deductible (see instructions for completing lines VF30 and VF71).
As far as accounting obligations are concerned, article 8 of Presidential Decree no. 544 of 30 December 1999 containing the regulations for the simplification of the taxpayers' obligations as regards tax payable on entertainment activities, foresees the following exemptions for subjects who engage in travelling entertainment activities as per table C, who have not exceeded an overall business turnover figure of Euro 50,000.00 in the previous year:
– the exemption from the obligation to record the considerations;
– the exemption from the obligation to settle and pay the tax;
– the numbering and filing of the invoices received;
– the possibility of certifying the considerations for fiscal purposes by means of a receipt or a slip;
– the annual payment of the tax;
– the filing of the annual return.
In terms of paragraph 4 of article 36 the obligation exists to set up separate accounting for the activities that fall within the scope of the relief system, if the subject also carries out other activities.
The relief regime imposed by paragraph 5 of article 74-quarter is the natural VAT regime for subjects who undertake travelling shows and smaller taxpayers who carry out show business activities. These subjects nevertheless have the right to opt for the application of the tax in the ordinary manner.
On the basis of the provisions contained in Presidential Decree no. 442 of 10 November 1997, the option must be communicated in the annual VAT return relative to the tax period in which the taxpayer made the option. Accordingly, the persons obliged to communicate the option relative to 2018 must cross box 1 of line **VO14**. Communication of the revocation must be made by crossing box 2 of the same line **VO14**.
The option is valid until it is revoked and in any event for at least five years. Nevertheless, if the limit of 25,822.84 Euro in respect of business turnover is exceeded then, starting from the next calendar year, it is no longer possible to apply the relief system. As explained in circular letter no.50/E of 12 June 2002, to determine the business turnover it is necessary to make reference to the aggregate amount of the transfer of goods and the performance of services carried out during the calendar year of reference, paying exclusive attention to the activities listed in table C annexed to Presidential Decree no. 633/1972.
Finally, in terms of article 20 of Legislative Decree 60/1999 cinema hall operators are entitled to a tax credit, which can be deducted when the VAT is settled and paid or set-off in terms of article 17 of Legislative Decree no. 241 of 09 July 1997, in place of the tax relief provided by the legislation previously in force. Decree no. 310 of 22 September 2000, published in Official Gazette no. 254 of 30 October 2000, defines the conditions and criteria for the granting and use of the tax credit referred to.

3. Amateur sports associations and societies and similar subjects
Article 90 of Law no. 289 of 27 December 2002, see also Circular no. 21 of 22 April 2003, makes provision for the following types of subjects operating in the amateur sports sector:
• sports associations with no legal personality governed by article 36 et seq. of the Italian Civil Code;
• sports associations with private law legal personality in terms of the regulations contained in Presidential Decree no. 361 of 10 February 2000;
• capital based non-profit amateur sports societies (including co-operative companies).
The amateur sports societies are incorporated in terms of paragraph 17 letter c) of article 90 "according to the provisions in force, with the exception of those that envisage the objectives of making a profit."
The amateur sports associations and societies must indicate in their name that the objective of the society is amateur sports. The articles of association and memorandum of associations of both categories of subjects must contain the paragraphs required to guarantee the absence of profit-making and to ensure compliance with the other principles prescribed by article 18, 18-bis and 18-ter of Law no. 289 of 2002 as amended by Decree Law no. 74 of 2004.
The special VAT regime, governed by paragraph 6 which applies to amateur sports associations, non-profit associations and pro-loco associations that take advantage of the provisions introduced by Law no. 398 of 1991, is also applicable to legally recognised non-profit band associations, amateur choirs, drama societies and music and popular dance associations that opt for the same.
Article 9 of Presidential Decree no. 544 of 30 December 1999, which contains regulations for the simplification of the taxpayer's obligations relative to taxes on entertainment, confirmed that the aforesaid persons must apply the provisions imposed by paragraph 6 of article 74 in relation to all the income earned in the performance of commercial activities connected to the institutional purposes. Accordingly, insofar as amateur sports societies and associations and similar subjects, who opt for the application of the provisions contained in Law no. 398/1991 are concerned, the special VAT regime regulated by paragraph 6 of article 74 is also

applicable to the income received in the performance of activities not subject to the tax on entertainment.
In relation to accounting obligations, paragraph 3 of article 9 of Presidential Decree no. 544/1999 referred to above provides for:
– quarterly VAT payments using the consolidated payment form (form F24) within the 16th day of the second month following the calendar quarter of reference. The 1% interest is not due;
– progressive numbering and keeping of invoices relating to purchases;
– the possibility of certifying the considerations to watch amateur sports events by issuing access rights or season tickets, as an alternative to access rights issued by means of a suitable tax meter or a computer-based ticket office (Presidential Decree no. 69 of 13 March 2002);
– recording of the amount of the considerations and any income received in the performance of commercial activities, with reference to the previous month, in the form contained in Ministerial Decree of 11 February 1997, duly supplemented.
In terms of paragraph 2 of article 9 of Presidential Decree no. 544/1999 referred to above, the option to apply the provisions introduced by Law 398/1991, must be communicated with due compliance with the provisions imposed by Presidential Decree no. 442 of 10 November 1997, concerning options and revocations for the purposes of value added tax and direct taxes.
Accordingly, to communicate the option exercised in 2018, the amateur sports societies and associations, the non-profit associations and the pro-loco associations, legally recognised non-profit band associations, amateur choirs, drama societies and music and popular dance associations, must cross box 1 of line **VO30**.
The option is binding for at least five years. Nevertheless, the loss of the necessary requirements to have access to the benefits granted by Law no. 398/1991 during the year, entails the application of VAT according to the general criteria dictated by Presidential Decree no. 633/1972 with effect from the month following the one in which the requirements ceased to exist. Taxpayers are reminded that paragraph 2 of article 90 of Law no. 289 of 27 December 2002, and as amended in art. 1 paragraph 5 of the law no. 232 dated 11 December 2016, has established that the limit to take advantage of the relief system introduced by Law no. 398/1991 is set at 400,000 Euro.
Communication of the revocation must be made by crossing box 2 of the same line **VO30**.
Note that the amateur sports societies and associations (or sports centres and clubs managed in an associative manner), as well as the other associations connected to them by law, who have not opted for the application of the provisions referred to in Law no. 398/1991 and which, because they do not carry out entertainment activities, do not fall within the special flat-rate regime provided for in terms of paragraph 6 of article 74, are required to fulfil all the VAT obligations, including the submission of the annual return.

USED GOODS - DECREE LAW NO. 41/1995

In order to determine what information is to be indicated in the parts that comprise the return by taxpayers who have made sales which fall under the special regime for used goods, prospectus B and prospectus C have been provided for auction houses acting on their own behalf and on behalf of private parties on a commission agreement basis. The prospectus must be completed in advance and shown on request to the competent Revenue Agency office.

Arising out of the provisions of paragraph 6 of article 30 of Law no. 388 of 23 December 2000, taxable subjects, who were charged VAT equivalent to 15% or 50% of the taxable base when purchasing vehicles must, in terms of paragraph 5 of art. 30 of the abovementioned Law, apply the marginal VAT regime stipulated for sellers of used goods, when the vehicle is subsequently resold.
In addition, it is pointed out that sales of goods made with application of the special margin regime must be included in part VE subdivided into the taxable and non-taxable transactions, in accordance with the methods set out below. Costs relating to operations falling within the margin regime met by taxpayers (including auction agencies) who apply the analytical method and by those who apply the global method must be indicated in line **VF15**, with the exception of purchases by taxpayers who have opted for the lighter regime to be indicated in line **VF17** of the return for the year in which they were entered in the records as per article 38 of Degree Law no. 41 of 1995 and added to any other non-taxable purchases made. On the other hand, the VAT on general expenses (because such expenses are not related to the transactions falling within the special regime), according to the explanations contained in Circular letter no. 177/E of 22 June 1995, must be deducted according to the general rules. Accordingly, such expenses must be indicated in lines from VF1 to VF13.

PROSPECTUS B
TO BE USED FOR COMPLETING THE RETURN

PART 1 Analytical method of determining the margin									
1	Total of transfers and exports of used goods etc.								
2	Gross margins (*) relative to taxable transactions								
3	Margins relative to non-taxable transactions, which make up the ceiling (to be included in line VE30)								
4	Difference between the considerations, to be included in line VE32 [line 1-(line 2 + line 3)]								
PART 2 Global method of determining the margin									
10	Considerations, gross of VAT, subdivided per rate	**4**	1	**10**	2	**21**	3	**22**	4
11	Considerations relative to non-taxable transactions								
12	Total of purchases and repair and ancillary expenses that contribute to determining the margin								
13	Negative margin of the previous year (from line 15 of the prospectus relating to 2017)								
14	Gross margin [(sum of the amounts in line 10) - (line 12 + line 13)] aggregate								
	or								
15	Negative margin to be c/fwd to the next year [(line 12 + line 13) - (sum of amounts of line 10)								
16	Gross margins (*) per rate	**4**	1	**10**	2	**21**	3	**22**	4
17	Margins relative to non-taxable transactions, which make up the ceiling (to be included in line VE30)								
18	Difference between the considerations, to be included in line VE32 [(sum of the amounts in line 10) + line 11-(line 14 +line 17)]								
PART 3 Flat-rate method of determining the margin									
20	Considerations, gross of VAT, subdivided per rate	**4**	1	**10**	2	**21**	3	**22**	4
21	Considerations relative to non-taxable transactions								
22	Gross margins (*) per rate	**4**	1	**10**	2	**21**	3	**22**	4
23	Margins relative to non-taxable transactions, which make up the ceiling (to be included in line VE30)								
24	Difference btw the considerations, to be included in line VE32 [(sum of the amounts in line 20) + line 21- (sum of the amounts in line 22) - line 23]								

(*) The margins, net of VAT and the relative tax must be included in part VE, subdivided among the respective rates.

The form is made up of 3 parts that refer respectively to the analytical, the global and the flat-rate methods of determining the margin.
The sale of scrap and other products referred to in paragraphs 7 and 8 of art. 74 do not fall within the marginal regime because scrap is a type of product, which is different from used goods, as defined in paragraph 1 of article 36 of Decree Law no. 41 of 23 February 1995 referred to above.

Part 1 - The analytical method of determining the margin (paragraph 1 of art. 36 of Decree Law no. 41/1995)
Part 1 must be completed by taxpayers who applied the ordinary (or analytical) method of determining the margin in terms of paragraph 1 of art. 36 of Decree Law no. 41/1995 referred to above.
The following information must be provided:
– in **line 1** indicate the aggregate amount of the considerations, gross of the tax, relative to the transactions carried out (taxable and non-taxable), which fall within the particular regime, including the transfers made vis-à-vis community persons (which, in effect are considered as transactions within the State) and the transfers of goods not subject to VAT because they have a zero margin (on the assumption that the costs, calculated for each transaction, are equal to or greater than the sale consideration);
– in **line 2** indicate the gross margins relative to taxable transactions.
The relative amount must be taken from the register of considerations referred to in article 24, in which the gross margins distinguished per rate must be recorded at each periodic payment. The margins net of VAT and the relative VAT must be included in part VE, subdivided between the respective rates;
– in **line 3** indicate the margins relative to the non-taxable transactions referred to in articles 8, 8-bis, 71 and 72, which contribute to the establishment of the ceiling. The relative data, which must be taken from the register provided for in terms of paragraph 2 of article 38 of Decree Law 41/1995, must be included in line **VE30**;
– **line 4** must include the following:
• the considerations relative to the other non-taxable transactions (art. 38-quater) where the margin does not contribute to the formation of the ceiling;
• the remaining considerations, relative to both the taxable (line 2), and non-taxable transactions (line 3).
The relative amount is obtained from the difference between line 1 and the successive lines 2 and 3. The amount must be included in line **VE32**.

Part 2 - The global method of determining the margin (paragraph 6 of art. 36 of Decree Law no. 41/1995)
The information can be taken from the special transfers and purchases register provided for in terms of paragraph 4 of article 38 of Decree Law 41/1995 referred to above.
Subjects who applied the global method must determine the margin relative to the exports and equivalent transactions analytically. In this regard, in terms of paragraph 6 of art. 36 of Decree Law 41/1995, the costs relating to exported goods do not contribute to the determination of the global margin and therefore, these costs must be removed from the purchases recorded in the appropriate register. The following information must be provided:
– in **line 10** indicate the considerations, relating to the taxable transactions, inclusive of the tax, subdivided among the various tax rates applied;
– in **line 11** indicate the considerations relating to all the non-taxable transactions carried out, which do or do not contribute to the formation of the ceiling;
– in **line 12** indicate the total of the purchases made and repair and ancillary expenses incurred in relation to the taxable transactions referred to in line 10. Line 12 must not include the costs relating to exports and other non-taxable transactions because these costs do not contribute to the formation of the global margin in terms of paragraph 6 of art. 36 of Decree Law no. 41/1995

referred to above;
– in **line 13** indicate the amount of any negative margin resulting from line 15 of prospectus B of the VAT/2017 return relating to 2017;
– in **line 14** indicate the aggregate gross margin relating to the taxable transactions referred to in line 10. The relative amount is the difference between the aggregate amount of the considerations contained in line 10 and the sum of the amounts in lines 12 and 13;
– in **line 15** (alternative to previous line 14), indicate the amount of the negative margin, which arises when the sum of the amounts shown in lines 12 and 13 is greater than the aggregate amount of the considerations in line 10;
– in **line 16** divide the gross margins indicated on line 14 on the basis of the rates applied.
In this regard, the aggregate gross margin must be subdivided among the various rates on the basis of the percentage ratios between the partial considerations, relative to each rate, and the total of the considerations (in this regard cp. the examples contained in paragraph 4.3.2 of circular letter no. 177/E of 22 June 1995). The percentage ratios must be calculated by rounding off the amounts to the second decimal place and determining the percentage relative to the greatest consideration for complement to 100 with respect to the sum of the others (i.e. subtracting this amount from 100).
– in **line 17** indicate the margins relative to the non-taxable transactions referred to in articles 8, 8-bis, 71 and 72, which contribute to the formation of the ceiling. These margins must be determined analytically, not contributing to the formation of the global margin;
– in **line 18** indicate:
• the considerations relative to the other non-taxable transactions (article 38 quater), whose margin does not contribute to the formation of the ceiling;
• the balance of the considerations, relative to both the taxable (line 10), and the non-taxable transactions (line 17).
The relative amount is the difference between the aggregate amount of the considerations (the sum of lines 10 and 11) and the sum of lines 14 and 17.
Taxpayers, who by applying the global margin regime made a gross positive margin in the first periodic payments thus indicating a greater amount of VAT due, whereas in the last payments they showed a negative margin, must in any event refer to the accounting results for the whole of 2018 to determine the gross taxable base or alternatively the negative margin.
The final results of the records must also therefore take into account the fact that the negative margin that may be used in 2019 is the one which is calculated on an annual basis and is derived from line 15 of prospectus B.

Carrying the data forward to part VE of the return.
In order to correctly determine the business turnover, the information relative to the margin in part 2 of the form must be subdivided in part VE according to the following criteria:
– the amount in **line 16** must be carried forward to **section 2 of part VE** in a way that corresponds to the various rates, subdividing the amount between taxable amounts and tax;
– the amount in **line 17** must be included in line **VE30**;
– the amount in **line 18** must be carried forward to line **VE32**.

Part 3 - The flat-rate method of determining the margin (paragraph 5 of article 36 of Decree Law no. 41/1995)
The following information must be provided:
– in **line 20** indicate the considerations, relating to the taxable transactions, gross of VAT, subdivided among the various rates applied;
– in **line 21** indicate the considerations relating to all the non-taxable transactions carried out, which do or do not contribute to the formation of the ceiling;
– in **line 22** indicate the gross margins, relating to the taxable transactions, on the basis of the rates applied. These margins must be carried forward to **section 2 of part VE** in a way that corresponds to the various rates, subdividing the amount between taxable amount and tax;
– in **line 23** indicate the margins relative to the non-taxable transactions referred to in articles 8, 8-bis, 71 and 72, which contribute to the formation of the ceiling. This amount must be included in line **VE30**.

The special table can be used to determine the amounts to be indicated in lines 22 and 23.
– in **line 24** indicate:
• the considerations relative to the other non-taxable transactions (article 38 quater), whose margin does not contribute to the formation of the ceiling;
• the balance of the considerations, relative to both the taxable (line 20) and the non-taxable transactions (line 21).
The amount is the difference between the aggregate amount of the considerations (the sum of lines 20 and 21) and the sum of lines 22 and 23.

The amount derived from **line 24** must be comprised in the line **VE32** between the other not taxble operations.

TABLE TO DETERMINE THE MARGINS
TO BE INDICATED IN LINES 22 AND 23 OF PROSPECTUS B

FLAT-RATE METHOD OF DETERMINING THE MARGIN				
		COL . 1 - PERCENTAGE 25%	COL . 2 - PERCENTAGE 50%	COL . 3 - PERCENTAGE 60%
X1	Considerations relative to non-taxable transactions that make up the ceiling			
X2	Considerations at 4%			
X3	Considerations at 10%			
X4	Considerations at 22%			
X5	Margins of non-taxable considerations that make up the ceiling [25% (X1 col . 1) + 50% (X1 col . 2) + 60% (X1 col . 3)], to be c/fwd to line 23			
X6	Gross margin of considerations at 4% [25% (X2 col . 1) + 50% (X2 col . 2) + 60% (X2 col . 3)], to be indicated in line 22 col.1			
X7	Gross margin of considerations at 10% [25% (X3 col . 1) + 50% (X3 col . 2) + 60% (X3 col . 3)], to be indicated in line 22 col.2			
X8	Gross margin of considerations at 21% [25% (X4 col . 1) + 50% (X4 col . 2) + 60% (X4 col . 3)], to be indicated in line 22 col.3			

HOW TO COMPLETE PROSPECTUS C (AUCTION SALE AGENCIES)

The prospectus is reserved for auction agencies that act in their own name and on behalf of private individuals on the basis of a commission contract in terms of article 40-bis of Decree Law no. 41/1995. The information indicated in the return must be set out in the same manner and with the same criteria envisaged for the sale of used goods in respect of which the analytical method is used for the margin.

PROSPECTUS C
TO BE USED TO COMPLETE SECTION 2 (USED GOODS)

1	Total of the considerations due from the transferees	
2	Total of the aggregate amounts paid to customers	
3	Aggregate amount of the gross margins (line 1 - line 2)	
4	Gross margins relative to taxable transactions (VE sec. 2 subject to separation of the tax)	
5	Gross margin relative to non-taxable transactions that make up the ceiling (VE30)	
6	Difference between the considerations to be included in line VE32 [line1 - (line 4 + line 5)]	

The following information must be indicated:
– in **line 1** indicate the aggregate amount of the considerations due by the highest bidders, gross of VAT, relating to the transactions carried out (taxable and non-taxable) that fall within the special regime;
– in **line 2** indicate the aggregate sum of the amounts that the auction agency has paid to customers;
– in **line 3** indicate the aggregate amount of the gross margins, i. e. the difference between line 1 and line 2;
– in **line 4** indicate the aggregate amount of the gross margins relative to the taxable transactions. The margins, net of VAT, and the relative tax must be included in **sect. 2 of part VE**, according to the tax rate applied;
– in **line 5** indicate the margins relative to the non-taxable transactions in terms of art. 8, 8-bis, 71 and 72, which contribute to the formation of the ceiling. The relative data must be included in line **VE30**;
– in **line 6** include the following:
• the considerations relating to the non-taxable transactions whose margin does not contribute to the formation of the ceiling;
• the balance of the considerations, relative to both the taxable transactions (line 4) and the non-taxable transactions (line 5).
The relative total is the difference between line 1 and the sum of lines 4 and 5 and must be in cluded in line **VE32**.

SEPARATE ACCOUNTING (Part VH)

As set out above (in paragraphs 1.1 and 3.2) where separate accounts are kept (article 36), part VH (in case of compilation) must contain the summarizing information of all the activities carried out.
Above all, please note that if the taxpayer carries out more than one activity in respect of which he has adopted (by legal obligation or by choice) separate accounting in terms of art. 36, he must make separate periodic payments for the activities that have been accounted for separately.

Coinciding with the last month of each calendar quarter (March, June, September, as well as December for taxpayers referred to in paragraph 4 of art. 74) the results of the monthly payments can be set off or added to the results of the quarterly payments, on condition that the deadlines for the respective monthly settlements and payments are met. Accordingly, in the corresponding lines of part VH, (VH3, VH7, VH11 and VH15) a single amount, being the algebraic sum of the credits and debits emerging from the payments of single periods, must be indicated. For example, where the taxpayer intends to set off the tax payable resulting from the monthly payment (e.g. March) with the credit tax receivable from the quarterly payment (e.g. 1st quarter), for the purposes of setting off the monthly tax payable with the quarterly tax receivable it is necessary to anticipate the quarterly settlement by making the payment within the time limit provided for the monthly payment and indicating the amount of the credit balance or the amount of the lesser tax payable in line VH3 (by crossing the box “anticipated liquidation”).
Note that, for the purposes of indicating the data as to payments, the criteria illustrated above, must also be applied in other circum-

stances where, as a result of special provisions, the taxpayer carries out different periodic payments depending on the activities carried out (for example, filling station, road haulage contractors and other categories of taxpayers referred to in paragraph 4 of art. 74).

The form below applies to those persons who carry out both monthly and quarterly payments and illustrates the way in which the VAT credit must be carried forward from one payment period to the other:

1) credit arising out of the payment for January: to be carried forward as a deduction against the payment for February;
2) credit arising out of the payment for February: to be carried forward as a deduction against the payment for March;
3) credit arising out of the payment for March: to be carried forward as a deduction against the payment for the 1st quarter;
4) credit arising out of the payment for the 1st quarter: to be carried forward as a deduction against the payment for April;
5) credit arising out of the payment for April: to be carried forward as a deduction against the payment for May;
6) credit arising out of the payment for May: to be carried forward as a deduction against the payment for June;
7) credit arising out of the payment for June: to be carried forward as a deduction against the payment for the 2nd quarter;
8) credit arising out of the payment for the 2nd quarter: to be carried forward as a deduction against the payment for July;
9) credit arising out of the payment for July: to be carried forward as a deduction against the payment for August;
10) credit arising out of the payment for August: to be carried forward as a deduction against the payment for September;
11) credit arising out of the payment for September: to be carried forward as a deduction against the payment for the 3rd quarter;
12) credit arising out of the payment for the 3rd quarter: to be carried forward as a deduction against the payment for October;
13) credit arising out of the payment for October: to be carried forward as a deduction against the payment for November;
14) credit arising out of the payment for November: to be carried forward as a deduction against the payment for December;
15) credit arising out of the payment for December: to be carried forward as a deduction against the payment for the 4th quarter.

For the purposes of appropriating the advance payment for the individual separate activities in terms of article 36 and consequently for the purposes of determining the balance to be paid for the last periodic payments for the year, the advance payment must be deducted from the tax owed for the first debit payment due for any of the activities carried out, to the extent of the whole debit amount resulting from the successive payments for the same year.
Accordingly, for taxpayers who must effect both monthly and quarterly payments, the advance payment will firstly be deducted from the total tax due for the month of December; any surplus will then be deducted from the amount due for the last calendar quarter (paragraph 4, art. 74) and finally, in respect of any residual amount, from the total tax due in terms of the adjustment when the annual return is made by the subjects referred to in article 7 of Presidential Decree no. 542 of 14 October 1999.
It is also pointed out that, under art. 36, third paragraph, the subjects who perform both, leases, or sales, exempt from tax, of buildings or parts of buildings for residential use that cause a reduction of the percentage of deduction, pursuant to article 19, paragraph 5, and to article 19-bis, as well as leases or sales of other buildings or other properties, with reference to each of these sectors of activity, can take advantage of the separation of the businesses.

TAXPAYERS WHO USE THE CONSIDERATIONS REGISTER - DETERMINATION OF THE TAXABLE AMOUNTS

The taxpayers referred to in article 22, for whom it is not obligatory to issue an invoice if this is not requested by the purchaser, must calculate the total amount of the operations, net of the VAT included in the considerations received.
On the basis of the provision of article 27, paragraph 2, the determination of the taxable amount of the remunerations recorded gross of tax is carried out by dividing the gross amount of the corresponding register to the divider obtained by adding to the rate applied the value of 100 (for example, if the applied rate is 10%, the divisor is equal to 110), and multiplying the quotient by 100, rounding off the product, due to a lack or excess, to the nearest Euro cent.

The taxable amounts determined in this manner and rounded off to the nearest Euro must be carried forward to the column for taxable amounts (corresponding to the pre-printed rate).
The tax must be calculated by multiplying each taxable amount by the corresponding rate; the amounts calculated in this manner must be carried forward rounded off to the nearest Euro.

For example:

Total of the considerations at 22%		1,000.00
Taxable = $\frac{1{,}000.00 \times 100}{122}$ =		»819.67
Taxable rounded off		»820.00
VAT (22% of 820.00)		»180.40
Tax rounded off	»	180.00

TAXPAYERS WHOSE BOOKKEEPING IS DONE BY THIRD PARTIES

In terms of paragraph 3 of article 1 of Presidential Decree no. 100 of 23 March 1998, taxpayers who entrust their bookkeeping to third parties may exercise the option, provided for in paragraph 3 of article 1 referred to above, to make the monthly VAT payments with reference to the transactions carried out in the second preceding month.
The particular method of payment of VAT must be applied from the beginning of the year or, in the case of those commencing activity during the year, from the second periodic payment.
In the case of the option being chosen by a subject who during the previous year made payments every three months and who in the following year made monthly payments, as a result of exceeding the volume of business referred to in art. 7 of Presidential Decree no. 542 of 1999, in the same way as subjects commencing activity from 1st January, the first payment relative to the month of January must be made on the basis of the tax which becomes payable in that month. On the other hand, commencing from the

payment for February, the particular method of payment based on the computation of the tax payable in the second preceding month (i.e. in the example, the tax for the month of January) and so forth until the end of the year, must be applied.
The prospectus below is provided in order to ensure that the periodic payments are made correctly and that they are indicated in part VH:

Year 2018	Tax Payment Code	Due date for payment	Reference base
VH1	6001	16 February	December 2017 if activity started in January 2018
VH2	6002	16 March	January 2018
VH3	6003	16 April	February 2018
VH5	6004	16 May	March 2018
VH6	6005	16 June	April 2018
VH7	6006	16 July	May 2018
VH9	6007	16 August	June 2018
VH10	6008	16 September	July 2018
VH11	6009	16 October	August 2018
VH13	6010	16 November	September 2018
VH14	6011	16 December	October 2018
VH15	6012	16 January	November 2018
Year 2019	**Tax Payment Code**	**Due date for payment**	**Reference base**
VH1	6001	16 February	December 2018
VH2	6002	16 March	January 2019

*The payment date that falls on a Saturday, or on a holiday, is extended to the first following working day. In addition, payments that expire between August 1st and 20th may be paid by August 20th without any extra charges.

DETERMINING BUSINESS TURNOVER (PART VE)

Part VE must be completed to determine the business turnover and the VAT relative to the taxable transactions.
The following contributes to the formation of the business turnover in terms of article 20: the aggregate amount of the transfers of goods and the performance of services, which are recorded or which are subject to being recorded with reference to the tax period, including the taxable amount relative to VAT transactions with deferred payment. Also non-taxable operations as provided for by articles 7 to 7-septies and for which an invoice has been issued in accordance with article 21, paragraph 6-bis count towards the calculation of turnover.
Despite being included in part VE, **the following do not contribute to the formation of the business turnover**: the transfers of depreciable goods (including industrial patents, intellectual property rights, licences, as well as trademark rights), the internal transfers between separate accounts (last paragraph of art. 36), as well as transactions carried out in previous years but with the tax payable in the year in course. These transactions must be included in section 2 of part VE (lines VE20 to VE23) among the taxable transactions, in order to calculate the output VAT, and subsequently deducted in section 4 of part VE, with the purpose of determining the annual business turover as specified in relation to lines VE39 and VE40.

EXPORTS AND OTHER NON-TAXABLE TRANSACTIONS

A number of clarifications for determining which operations are to be entered in lines VE30 and VE32 of the VAT return are provided below.
Line VE30 must indicate the amount of the non-taxable operations that contribute to the formation of the ceiling as provided for by art. 2, paragraph 2, of Law no. 28 of 18 February 1997. In particular it must indicate:
a) considerations for non-taxable export sales as provided for by letters a), b) and b-bis) of the first paragraph of art. 8, which include:
- sales to purchasers or their commission agents made through transport or shipment of goods outside the territory of the European Union by or on behalf of the seller or his/her commission agents;
- sales of goods picked up from a VAT deposit with transport or shipment outside the territory of the European Union (art. 50-bis, paragraph 4, letter g) of Decree Law no. 331/1993);
- considerations for sales of goods and the performance of services equivalent to export sales (art. 8 bis, first paragraph) as part of own business activity;
- considerations for the performance of international services or services connected with international trade (art. 9, first paragraph) as part of own business activity;
- considerations for operations as provided for by articles 71 and 72, equated to those of provided for by articles 8, 8-bis and 9;
- margins as provided for by Decree Law no. 41/1995, relating to non-taxable operations (concerning used goods, etc.) which make up the ceiling;

b) considerations for intra-community sales as provided for by art. 41 of Decree Law no. 331 of 1993, which include:

– cases in which the national transferor delivers the goods on behalf of the community purchaser to a member State other than the one to which the latter belongs (trilateral agreement promoted by non-taxable subject belonging to another member State);
– cases in which goods are sold by a national subject who has them delivered by own community supplier to own transferee of another member State liable to pay the tax relating to the operation (trilateral agreement promoted by a national non-taxable subject);
– cases of intra-community sales of goods taken from a VAT warehouse with shipment to another member State of the European Union (art. 50-bis, paragraph 4, letter f) of Decree Law no. 331/1993);
– considerations for intra-community sales of all agricultural and and ichthyic products, even if these are not included in Table A, First Part, enclosed with Presidential Decree no. 633/1972, carried out by agricultural producers as provided for by article 34;
– considerations for operations as provided for by article 58, paragraph 1, of Decree Law no. 331 of 1993, i.e. sales to non-taxable domestic subjects or their commission agents, carried out through transport or shipment of goods to another member State by or in the name of the national transferor.

In line **VE32** in relation to the non-taxable transactions, which do not contribute to the formation of the ceiling detail of the following must be provided;
– the transfers relating to goods in transit or deposited in places subject to customs control;
– transfers to subjects domiciled or resident outside the European Community referred to in paragraph 1 of article 38-quater *(for further details see the instructions for section 2 of part VE);*
– the transfers of goods destined to be introduced into the VAT warehouses referred to in letters c) and d), paragraph 4 of art. 50-bis of Decree Law no. 331/1993;
– the transfers of goods and the performance of services where the sale or performance relates to goods kept in a VAT warehouse (letters e) and h) of paragraph 4 of art. 50-bis of Decree Law no. 331/1993);
– the transfers of goods from one VAT warehouse to another (letter i) of paragraph 4 of art. 50-bis of Decree Law no. 331/1993).

The following must also to be included in this line:
– considerations for the performance of services rendered outside the European Union by travel and tourism agencies that fall within the scope of the special regime referred to in article 74-ter (Ministerial Decree no. 340 of 30 March 1999);
– he difference between the considerations, which does not constitute the margin relative to the transactions falling within the special regime provided for by Decree Law no. 41/1995 (used goods etc.).

INTRA-COMMUNITY TRANSACTIONS AND IMPORTS

Clarifications are provided for determining which operations are to be indicated in line **VE30**, **field 3**:
– intra-community transfers referred to in article 41 of Decree Law no. 331 of 30 August 1993, converted by Law no. 427 of 29 October 1993, which include:
• the delivery by the national transferor on behalf of the community purchaser of goods to a member State other than the one to which the purchaser belongs (trilateral agreement promoted by the community subject);
• the transfer by a national subject who purchases the goods in another member State, commissioning the supplier to deliver them in a third member State to the transferee, who is liable to pay the tax relative to the transaction (trilateral agreement promoted by a national subject);
– the intra community transfers of agricultural products included and not included in the first part of table A, enclosed to Presidential Decree no. 633, made by agricultural producers falling within the special regime referred to in article 34 of the aforesaid Decree;
– the intra-community transfers of goods taken from a VAT warehouse with delivery to another member State of the European Union (art. 50-bis, paragraph 4, letter f) of Decree Law no. 331/1993);

Line **VF26**, **fields 1** and **2**, relating to intra-community purchases must also include:
– considerations for intra-community purchases made without paying the tax, with the use of the ceiling, in terms of articles 8, 8-bis and 9 referred to in paragraph 1 of art. 42 of Decree Law 331/1993;
– considerations for the intra-community sales that are objectively non-taxable, carried out without the use of the ceiling, including those relative to the goods destined to be introduced into the VAT warehouses, in terms of letter a) of paragraph 4 of art. 50-bis of Decree Law no. 331/1993;
– considerations for the intra-community purchases of foreign publications, by university libraries, not taxable, in terms of paragraph 7 of article 3 of Decree Law no. 90 of 27 April 1990;
– considerations for the intra-community purchases that are exempt in terms of art. 10, referred to by paragraph 1 of art. 42 of Decree Law 331/1993.

Line **VA26**, **fields 3** and **4**, must also include the following:
– the total of the imports made without paying the tax, with the use of the ceiling, in terms of paragraph 2 of article 2 of Law no. 28 of 18 February 1997 and art. 68, letter a) and paragraph 2 of article 70;
– the total of the other imports not subject to VAT (art. 68), including transactions for the introduction into free circulation with the suspension of the payment of the tax, of goods destined to be forwarded onto another member State of the European Union or the introductions into free circulation carried out without payment of the tax, relative to non-community goods destined to be introduced into the VAT warehouses;
– the total of imports not subject to the tax made by taxpayers who are earthquake victims and similar subjects, according to the special provisions on the matter.

NOTE: the transfers and purchases of goods, which fall within the marginal regime referred to in Decree Law no. 41 of 23 February 1995 (for used goods etc.) carried out with other EU traders, are not to be included in lines VE30 and VF26 respectively. This is so because they are considered as internal transactions subject to the tax of the Country in which the transferor resides.

TRANSACTIONS RELATIVE TO GOLD AND SILVER

1. General

Law no. 7 of 17 January 2000 provides for different tax treatment depending on whether one markets investment gold or gold other than investment gold (so-called industrial gold), as well as in relation to the subjects taking part in the transaction.
Transactions involving silver, with certain definite characteristics, are subject to the same tax treatment as that provided for transactions of gold other than investment gold (kindly refer to paragraph 8 below).

2. Investment gold

2.a. Definition

Art. 10, paragraph one, number 11, as amended by article 3 of Law no. 7/2000 referred to above, defines investment gold as:

a) gold in the form of bars or plates of a weight that is accepted by the gold market, but in any event greater than 1 gram and of purity equal to or greater than 995 thousandths, represented by securities or not;

b) gold coins with a purity equal to or greater than 900 thousandths minted after 1800, that are or were of legal tender in the Country of origin, which are normally sold at a price that does not exceed the value, on the open market of the gold contained in the coins by more than 80%, which are included in the list prepared by the Commission of the European Union and published annually in the Official Gazette of the European Communities, series C, on the basis of the communications given by the Ministry of the Economy and Finance, as well as coins with the same characteristics, that are not mentioned in the aforesaid list.

2.b. Exemption

Art. 10, paragraph one, number 11 referred to above exempts the transfers of investment gold, even in the form of securities, for the financial operations provided for in letter c-quarter and c-quinquies, paragraph 1 of art. 67 of TUIR, if such operations are related to investment gold, as well as the mediation regarding the aforesaid transactions.
In particular, the following transactions fall within the scope of the exemption from value added tax:

– transfers of investment gold, including gold represented by gold certificates, even not allocated, or exchanged on metal accounts;
– *"swaps"*, *future* and *forward* contracts, repurchase agreements, as well as financial instruments that involve the transfer of the related right of ownership or the right to claim the investment gold;
– intermediations, including the services of agency and mediation, relative to the transactions mentioned above.

The transactions in question, insofar as they are exempt, must be shown by the transferor in part VE at line **VE33** and by the purchasers in part VF at line **VF16**. In addition to the internal purchases, the intra-community purchases and the imports must also be included therein.
In addition, the intra-community transfers, the intra-community purchases and the imports of investment gold must also be included in lines **VE30**, **VF26** (field 1 and 3).

2.c. Option in relation to taxation

Subjects that produce and trade investment gold or that transform gold into investment gold have the right to opt for the application of VAT even only for individual transfers. If the option is exercised, the application of the tax is due by the purchaser, if he is a subject taxable in the territory of the State, who will have to adopt the so-called reverse charge mechanism (see paragraph 4b).
Accordingly the option can be exercised only in relation to transfers carried out vis-à-vis taxable subjects.
If the transferor has opted for the application of the tax, a similar right is also granted to the intermediaries.
The relevant subjects must communicate the option in the following year, in accordance with the procedure contained in Presidential Decree no. 442 of 10 November 1997, i.e. in the VAT return relative to the year in which the choice was made, by crossing the corresponding box on line **VO13** (See "Options and revocations" in the Appendix).
The option is effective for at least three years, until it is revoked, if it relates to all the transactions, in terms of art. 3 of Presidential Decree no. 442/97 referred to above.
For the purposes of completing the return, transactions involving investment gold, which have become taxable by choice, must be shown in line **VE35**, **field 3**, together with those relative to so-called "industrial" gold and pure silver, in respect of which the tax is applied using the reverse-charge system.

3. Right of deduction

Pursuant to the amendments introduced by article 3 of Law no. 7 of 17 January 2000, article 19 contains two distinct provisions regarding the right of deduction for traders on the gold market.
The first is in terms of **letter d)**, **paragraph three of art. 19** referred to above, wherein it is stated that the rule of non-deductibility, envisaged as a general principle in relation to the fulfilment of transactions that are exempt or in any event not taxable, does not operate in relation to the "transfers of gold referred to in art. 10, no. 11), carried out by subjects who produce investment gold or who transform gold into investment gold".
The second provision is contained in **paragraph 5-bis of art. 19**,wherein it is established that the limit to the right of deduction is not effective for subjects other than those referred to in letter d) mentioned above.
The exception contained in paragraph 5-bis referred to above in relation to the type of purchases expressly provided for by the abovementioned provision i.e. "for the purchases, including intra-community purchases and for the imports of gold other than investment gold destined for transformation into investment gold by the same subjects or on their behalf, as well as for the services consisting of modifying the form, the weight or the purity of the gold, including investment gold".
The subjects referred to in paragraph 5-bis above must set out the abovementioned purchases separately in the accounting records so as to exercise the right to the deduction by indicating the sum of the deductible VAT in line **VF36**.
Where the subjects referred to in paragraph 5-bis of art. 19 have exclusively carried out exempt transactions, the box in line **VF32** must not be crossed and the deductible VAT due for the purchases referred to in paragraph 5-bis of art. 19, must be reflected in line **VF36**.
In addition to this, taxpayers who fall either within the regime referred to in article 19, paragraph three, letter d) or that referred to in paragraph 5-bis within the scope of their own activity, must keep separate books of account for the relative transactions and are obliged to complete two forms so as to show the VAT allowed as a deduction separately for each regime, when submitting the annual return.

4. Gold other than investment gold

4.a. Definition

The second type of gold regulated by Law no. 7 of 2000 is gold other than investment gold (so-called industrial gold), i.e. "gold material" of any other form and purity and semi-processed products with a purity equal or superior to 325 thousandths.
In addition to this, the definition also includes gold leaf, as well as bars and plates that lack the required weight, form and purity to be considered investment gold, as well as gold scrap that is no longer suitable for use, destined to be reworked or transformed (cp. resolution no. 375/E of 28 November 2002).
Here one is dealing with gold destined for essentially industrial use.

4.b. Manner in which the tax is applied - the reverse-charge mechanism.

For gold other than investment gold the relative transfers are made taxable by means of the so-called reverse-charge mechanism.
This mechanism, provided for by paragraph 5 of art. 17, is characterized by the inversion of the tax burden pursuant to which the transferee becomes liable for the tax instead of the transferor. The latter, therefore, must issue an invoice for sales to which this legislation applies without charging the VAT with a note stating “reverse charge”; the purchaser must complete the invoice, indicating the tax rate and tax due.
Insofar as payment of the VAT is concerned, the transferee records the document, duly supplemented, in the register of invoices issued or in the register of considerations, in the month of receipt or even later, but in any event within fifteen days from the date of receipt of the document and with reference to the relative month; the same document is also recorded in the register referred to in art. 25, for the purposes of the relative deduction.
In any event these transactions constitute business turnoverfor the transferor.
Over and above the transfers of so-called industrial gold as defined above, the *reverse-charge* mechanism is applied also in respect of transfers of investment gold that are taxable by choice, as well as transfers of pure silver (in this regard see paragraph 8), if carried out in relation to entities not subject to domestic tax.
In relation to the manner of completing the annual VAT return, in order to determine the tax due subjects who have purchased gold with the aforesaid mechanism must indicate the taxable amount and the relative tax as follows: in line **VJ7** for the purchases of industrial gold and pure silver within the State, in line **VJ9** for the intra-community purchases of industrial gold and pure silver and in line **VJ8** for the purchases of investment gold which are taxable by choice within the State.
Please note that line **VE30, field 3** must also contain the intra-community transfers of industrial gold and pure silver, whereas lines **VF26, fields 1 and 3** must contain the sum of the intra-community purchases and imports of these same goods respectively.
The total of the abovementioned purchases must also be carried forward to **part VF** in correspondence with the relative rate.
In addition to this, if the transfers of industrial gold are to private consumers, they are taxable according to the ordinary rules relating to the tax (VAT debited by the transferors).

5. Tax refunds

For the purposes of claiming the refund of the deductible excess, in whole or in part, taxpayers legally entitled to do so must include in the computation referred to in art. 30, second paragraph letter a), the transactions relative to transfers of investment gold, which are taxable by choice, as well as those relative to industrial gold and pure silver, carried out in terms of paragraph five of art. 17.
For the purposes of calculating the average rate referred to in the aforesaid letter a), the abovementioned transactions must be considered as zero-rated.
Note that taxpayers who make intra-community transfers of gold and pure silver must include the said transactions in the calculation referred to in letter b) of article 30, paragraph two referred to above.

6. Gold imports

In relation to the imports of investment gold, for the purposes of the VAT exemption, the trader must submit to customs a declaration certifying that the gold being imported possesses all the legal requirements regarding form, weight and purity.
On the other hand, as regards imports of gold other than investment gold by taxable subjects residing in the national territory, the tax, despite being certified and settled in the customs declaration is materially discharged later on, in a similar way as that provided for internal transfers (art. 70, paragraph five).
In essence, in such circumstances, the tax is discharged by recording the customs document both in the invoice or considerations register, with reference to the month in which the document was issued and in the purchases register in respect of the deduction.
"The relevant procedure under discussion, in the same way as for the imports of investment gold, entails the enclosure (by the taxable subject) of a certificate with the customs declaration on the subject's own letterhead, which specifies how the regulation invoked is rendered operative" *(circular letter no. 24/D of 15 February 2000)*.
Imports of investment gold must be indicated in line **VF16**, while imports of so-called “industrial” gold must be indicated in line **VF13** and in line **VJ11** in order to calculate the tax due.
The said imports of industrial gold, as well as investment gold and pure silver must also be included in line **VF24, field 3**.

7. Transactions relative to gold carried out by the Bank of Italy and the Italian Exchange Office

Paragraph five of art. 4 provides that transactions relative to gold and foreign currency are not considered commercial, where such transactions are carried out by the Bank of Italy and the Italian Exchange Office; accordingly these are transactions in respect of which the tax remains excluded, whereas analogous transactions carried out by the agent banks now fall within the scope of VAT.

8. Transactions relative to silver

In terms of art. 3, paragraph 10 of Law no. 7 of 2000, silver in bars or in grains with a purity equal to or superior than 900 thousandths (so-called pure silver) follows the regulations referred to in article 17, paragraph five and article 70, paragraph five as amended by the aforesaid Law.
Therefore silver falling within this definition is subject to the same fiscal treatment as the one for so-called "industrial" gold and therefore, the tax is applied by means of the *reverse-charge* mechanism and the imports follow the regulations set out in point 6.
The taxpayer must therefore refer to the instructions already set out in respect of industrial gold, for the completion of the annual return.
In the same way, the transfers relative to pure silver fall within the computation of the average rate for the purposes of the refund

referred to in art. 30, paragraph second, letter a).

9. Obligations of dental technicians and other health workers
By virtue of Law no. 7 of 17 January 2000, which regulates transactions relative to gold and silver, subjects carrying out health professions and skills and in particular dental technicians and dentists who carry out exclusively VAT exempt transactions referred to in art. 10, no. 18 are obliged to submit the annual VAT return, in terms of article 17, paragraph five, with the application of the so-called *reverse-charge* mechanism if, during the fiscal year they purchased:
– gold material and semi-worked articles with a purity equal to or superior than 325 thousandths. This excludes the alloys and pastes for dental use, which have the characteristics of a "medical device" referred to in Decree Law no. 46/1997 (see Resolution no. 168 of 26 October 2001);
– silver.
In relation to the accounting obligations, for this category of taxpayer, Presidential Decree no. 315 of 27 September 2000 provides for the right to carry out settlements and payments of VAT relative to each quarter without the obligation of communicating the option and without the application of interest.
For further information kindly refer to *circular letter no. 216/E of 27 November 2000.*

OPTIONS AND REVOCATIONS (*Part VO*)

In terms of art. 2 of Presidential Decree no. 442 of 10 November 1997, the options and revocations regarding VAT and direct taxes must be communicated, bearing in mind the conclusive behaviour of the taxpayer during the tax year, using part VO of the annual VAT return only.
In circumstances where a subject is exempt from submitting the annual return, part VO must be submitted enclosed to the income tax return. In this regard, the front page of the INCOME 2019 (Personal Income Tax Return) form has a specific box, which if crossed indicates that part VO has been completed by the aforesaid subjects. Recourse to this method of communicating the option or revocations is only necessary in circumstances where the subject is not obliged to submit the annual VAT return with reference to other activities carried out or, as already set out in circular letter no. 209/E of 27 August 1998, when the exemption from the obligation of submitting the return remains even pursuant to the optional system chosen.
Circular letter no. 209/E of 1998 also provided explanations regarding the regulations introduced by Decree no. 442 of 1997, concerning options. In particular it was explained that article 1, paragraph 1 makes it possible to revoke the option communicated if new legislative provisions intervene. Accordingly, what must be communicated in part VO is the option made in view of the legislative amendments that have intervened and not the revocation of the previous option already communicated.
As a rule the option made binds the taxpayer for at least three years as regards the adoption of different methods of determining the tax and one year as regards accounting regimes. Such terms become valid in any case as from 1st January of the tax year in which the choice was made. The more extensive time periods provided for by other legislative provisions relating to the determination of the tax remain unchanged. After the minimum period for the chosen regime has elapsed, the option remains valid for each year that follows so long as the option made is actually applied. This being so, it is not necessary to cross the corresponding box again.

ADJUSTMENTS TO DEDUCTIONS (ARTICLE 19-BIS2) (Part VF - Line VF70)

Prospectus D has been prepared to facilitate the calculation of the aggregate amount of the adjustments to be indicated in line **VF70**.
A specific line is provided for each type of correction disciplined by art. 19-bis2 and a line for the correction of the deduction due in relation to the purchases made in previous years (2016) in terms of paragraph 1 of art. 19. The relative amounts must have a (+) or (-) sign depending on whether it is an increase or a decrease in the deduction.

PROSPECTUS D
ADJUSTING TO DEDUCTION

Art. 19 bis - 2	1	Adjustment for variations in the use of non-depreciable goods (paragraph 1)	
	2	Adjustment for variations in the use of depreciable goods (paragraph 2)	
	3	Adjustment for changes in the fiscal regime (paragraph 3)	
	4	Adjustment for variations in the pro-rata (paragraph 4)	
Art. 19, paragraph 1	5	Variation of the deductibility relative to purchases made in prior years	
TOTAL	6	Algebraic sum of lines 1- to 5 (to be indicate to VF70)	

Line 1, adjustment for non-depreciable goods and services when they are used to carry out transactions that give rise to a deduction that differs from the one made initially. To determine the extent of the adjustment it is necessary to refer to the total deduction made as an estimate when the purchase was made and to the deduction due when the goods were first used. If the goods were first used during the year of purchase the adjustment must not be included in this field in that the deductible amount determined on the basis of the effective first use is accounted for in the return. Obviously, when the first use takes place in the years following the year of purchase it is necessary to make the adjustment.

Line 2, adjustment for depreciable goods in relation to a different use taking place during the year in which they enter into operation, or the 4 years that follow; the adjustment is calculated with reference to as many fifths of the tax as are required to complete the five year period.

Line 3, adjustment for changes of the tax regime.
Whenever changes in the tax regime of the lending transactions, in the deduction regime of the tax on purchases or in the activity entail the deduction of the tax in an amount different to that already made, an adjustment must be made, limited to the goods and services not already sold or not already used and for depreciable goods, if four years have not passed since they entered into ope-

ration.
The following cases fall within the circumstances outlined:
– a change in the tax regime applicable to the lending transactions carried out, which have consequences on the deduction that is due (for example following legislative adjustments the change from a regime of total exemption to a regime of total taxability or vice-versa, or following the option to separate the activities according to ex. art. 36);
– the adoption or abandonment - by choice or by law - of a special regime that is based on a flat-rate system for the deduction of the upstream tax, as for example takes place in the agricultural or show-business sectors etc;
– changes in the activity carried out by the taxpayer, which entails a change in the right to the deduction;
– transition from the beneficial tax regime for young businesspeople and unemployed workers referred to in Article 27, paragraphs 1 and 2 of Decree-Law no. 98 of 2011, to the ordinary regime.
– transition from VAT ordinary regime to fixed-share regime is governed by article 1, clauses 54-89, December 23, 2014/190;
– passage from the flat-rate scheme regulated by article 1, paragraphs from 54 through 89, of law no. 190 of 23 December 2014, to the ordinary scheme.

Line 4, adjustment by varying the pro rata.
The deduction of the tax relative to the purchase of depreciable goods, as well as the performance of services relative to the transformation, adaptation or restructuring of the assets themselves, carried out in terms of article 19, paragraph 5 is also subject to adjustment in each of the four years following the year in which they entered into operation, where there is a variation of the deduction percentage in excess of ten points. The adjustment is carried out by increasing or decreasing the annual tax by a ratio of one fifth of the difference between the sum of the deductions carried out and the amount equal to the deduction percentage of the year to which it relates. If the year or years in which the depreciable item was purchased or manufactured does not coincide with the year in which it entered into operation, the first adjustment, must be carried out, for all the tax relative to the asset, on the basis of the definitive deduction percentage of the latter year even if the variation does not exceed ten points. In addition to the circumstances set out above, the adjustment can be carried out even if the variation of the deduction percentage does not exceed ten points, on condition that the taxable subject adopts the same criterion for at least five consecutive years. In this case, the option must be communicated by crossing the box that corresponds to **line VO1**.
When the depreciable goods are sold before the period in which the adjustments must be made expires, the adjustment must be made by means of a single adjustment for the years required to make up the period, considering the deduction percentage as being equal to 100%, if the transfer is subject to tax. However, in such circumstances the tax that may be recovered by the taxpayer cannot exceed the total of the tax due on the transfer of the depreciable asset.

Line 5, variation of the deduction relative to purchases made in previous years.
In terms of article 19, paragraph 1, second period, in the forms in palce before April 24th 2017, the right to the deduction arises when the moment the tax becomes payable and at the latest it can be exercised in the return relative to the second year following on from the year in which the right arose and on the conditions that existed at the time the right arose (cp. circular no. 328/E of 24 December 1997). For the purposes of taking into account the provisions illustrated above when completing the return relative to the year in which the right to the deduction was exercised, it is above all necessary to include in VF, corresponding to the different applicable rates, the purchases in respect of which the tax became payable in previous years but which were recorded in terms of article 25 in the year to which the General VAT return refers. In addition to this, in order to determine the right amount of the deduction due in relation to the aforesaid purchases, it is necessary to calculate the deductible tax relative to these purchases with reference to the deduction percentage applicable in the year in which the right to the deduction arose and the percentage determined in the return with reference to the moment in which the right is exercised. The resulting difference from the comparison made between the two deductions calculated as set out above must be indicated in this line. Article 2 paragraph 1 of Decree- Law no. 50 dated April 24th 2017, amended by law no. 96 of June 21st 2017, has amended article 19 paragraph 1 period 2, outlining that the right to deduction may be exercised, at the latest, with a tax return relive to the year where the above-mentioned right was put into place and following the outlined conditions of this moment. Paragraph 2-bis of above-mentioned article 2, allows for the amendment to be applied to customs invoices and bills issued starting from January 1st 2017.

Line 6, total adjustments; the algebraic sum of the amounts indicated in lines 1 to 5 must be indicated in this line. This information must then be carried forward to line **VF70**.

SCRAP

Art. 74, paragraphs 7 and 8, for the transfer of scrap and recycled material states that tax is due from the selling party who is passively subject to tax according to the particular accounting inversion mechanism, *the so-called reverse-charge*. The purchasing party must integrated the invoice issued by the selling party without charge of tax, with the indication of the applicable rate and the relative tax and record it in the invoices register as per art. 23 or in the considerations register as par art. 24 in order to ensure that it is included in the periodical liquidations. Furthermore, the same invoice must also be recorded in the purchases record book as per article 25 in order to apply the tax deduction.
The aforementioned regulation finds application to all subjects who sell goods identified in paragraphs 7 and 8 of art. 74. The ordinary VAT regime will still be applied to the same transfers when made to private consumers.
Regarding **imports** of the same goods, art. 70, paragraph 6, in derogation of the ordinary tax payment criteria on imported goods, establishes that the same is not paid at customs but it is paid by means of recording in the customs record books as per articles 23 and 24, and in the register as per article 25 regarding deduction.
Indications regarding such operations in the parts of the return are provided in the following table.

TRANSFEROR	TRANSFEREE
Transfers to San Marino VE30 (also field 4)	Internal purchases VF13; VJ6
Intra-community transfers VE30 (also field 3)	Purchases from San Marino VF13; VJ1; VF26 field 6
Exports VE30 (also field 2)	Intra-community purchases VF13; VJ9; VF26 field 1
Internal transfers as regards taxable subjects VE35, field 2	Imports VF13; VJ10; VF26 field 3
Internal transfers as regards private consumers part VE section 2	

CONTROLLING AND CONTROLLED COMPANIES

Prospectus by controlling companies
The controlling organisation or business company must submit as part of its annual VAT return the summarising prospectus IVA 26PR/2019. It must also submit to the territorially competent collection agency the guarantees provided by the individual companies participating in the group relative to their own credit surpluses set off and the guarantees provided by the controlling company for any group credit surplus set off.
It is stressed that article 13 of legislative decree no. 175 of 21 November 2014 replaced article 38-bis, significantly innovating the regulations on the making of VAT refunds and, in particular, eliminating the generalized obligation of putting up the guarantee (see circular no. 32 of 30 December 2014). As clarified by circular no. 35 of 27 October 2015, the provisions contained in the new article 38-bis also find application in the context of the payment of group VAT.
It must be noted that in relation to companies or groups of companies whose consolidated financial statements reflect a total equity in excess of 250 million Euro, the guarantee can be given for all the subsidiary companies indicated in the latest presented consolidated financial statements, for the credit excesses set off by the companies, by the direct assumption by the parent or controlling company of the obligation to pay back to the Financial Administration the sum to be refunded (Circular Letter no. 164 of 22 June 1998).

It is pointed out please note that the VAT input and output transferred to the controlling body or company by the companies taking part in the group VAT payment in terms of article 73, last paragraph (art. 8 of Presidential Decree no. 542 of 14 October 1999) cannot form part of the set off as referred to in Legislative Decree no. 241 of 1997.

On the other hand, the VAT input and output resulting from the form (the VAT form 26PR) of the group return completed by the controlling body or company can form part of the set off mentioned above.
As specified in Ministerial Resolution no. 626305 of 20 December 1989, where there is partial setting off of the credits transferred by the individual companies, it is the duty of the controlling body or company to certify the specific allocation of the credit surplus effectively set off to the group companies. In the past this certification had to be enclosed to the annual returns of the individual subsidiary companies, in the applicable forms. Fulfilment of the obligations has in fact been replaced with the information requested in the controlling company's return, in field 7 of part VS of the VAT prospectus 26/PR, relative to the credit surplus set off by each individual company. It is furthermore pointed out that for the purposes of determining the amount of the credit surplus set off by the companies within the scope of the group - and for which the guarantees provided for in article 6, paragraph 3 of Ministerial Decree of 13 December 1979 must be given by the individual companies whose credits have been set off - reference must be made to the aggregate amount of the debit surplus transferred by the other companies belonging to the same group, reduced by the amount of the tax payments made by the controlling body or company during the year.

The data in the **VAT prospectus 26PR/2019** is contained in the VAT annual return to be submitted by the controlling body or company. In particular:
– **part VS** contains the list of all the companies (including the controlling company itself) that took part in the group VAT payment during the year; the amount claimed as a refund (within the scope of the aggregate refund claimed by the group), the relative circumstances, as well as the total credit surplus set off with the debits transferred by the other group companies must be indicated.
Section 3 of part VS must indicate the credit surplus of the group carried forward from the previous year, used during the course of 2018 to set off the debits transferred by the individual group companies;
– **part VV** contains the variations of the periodic communications by the group;;
– **part VW** contains the data relating to the payment of the group's annual tax;
– **part VY** contains the data relating to the VAT to be paid or the amount of the tax credit for the group;
– **part VZ** must contain the data relating to the deductible group surpluses of the two previous years, for the purposes of the group refund (if any) of the lesser surplus of the three-year period.

Reason of refund
The code for the reason for the refund must be taken from the Table set out below and must be indicated for each subsidiary company in respect of which the group refund is requested, in Part VS- field 9 - of the VAT prospectus IVA 26PR to be completed by the controlling company.

TABLE OF REFUND CODES

1	Art. 30. par.2	- Cessation of activity
2	Art. 30, par. 3, lett. a)	- Average rate
3	Art. 30, par. 3, lett. b)	- Carrying out of non-taxable transactions
4	Art. 30, par. 3, lett. c)	- Depreciable assets as well as studies and research
5	Art. 30, par. 3, lett. d)	- Predominance of non-taxable transactions
6	Art. 30, par. 3, lett. e)	- Condition of article 17, third paragraph

7	Art. 34	- Exports and other non-taxable transactions
8	Art. 3, par 1, lett c). leg.decree 127/2015	- Option for electronic submission of invoices and fees

PERSONS AFFECTED BY EXCEPTIONAL EVENTS (Completion of line VA10 and part VH)

How to complete line VA10

1 - Victims of extortionate and usurious demands
Taxpayers who carry on a business, trade, craft or other economic activity and who have refused extortion demands or who in any case in refusing to pay them have suffered damage to goods or property in Italy as a result of crimes committed, including those not involving criminal conspiracy, for the purpose of the pursuit of illegal gains. For victims of the aforementioned extortion demands, article 20, paragraph 2 of Law no. 44 of 23 February 1999 makes provision for a three-year extension of the expiry terms for fiscal obligations which fall within one year of the date of the relevant crime. This extension also applies to the expiry date for submission of the annual return.

2 - Subjects non-residing in the municipality of Genova
The subjects who, on 14 August 2018, had residence or registered offices or operative offices in the territory of the municipality of Genova, affected by the collapse of the Morandi viaduct, the Decree of the Ministry of Economics and Finance of 6 September 2018 provided for the suspension of the payment deadlines and fiscal obligations whose deadline falls in the period between 14 August 2018 and 1 December 2018. The taxpayers interested to the suspension are indicated in annexes 1 and 2 of the above-mentioned Decree, as amended by the Decree of the Ministry of Economics and Finance, of 6 December 2018;

3 - Subjects residing in the municipalities of Livorno, Rosignano Marittimo and Collesalvetti (Province of Livorno)
The subjects who, on 9 September 2017, had residence or registered offices or operative offices in the territory of the municipalities of Livorno, Rosignano Marittimo and Collesalvetti (Province of Livorno) and were affected by natural catastrophes, under art. 2, paragraphs 1 and 2, of the Law Decree no. 168 of 16 October 2017, amended by Law no. 172 of 4 December 2017, have the suspension of their payment deadlines and fiscal obligations whose deadlines fall in the period between 9 September 2017 and 30 September 2018. The suspension is subject to the request of the taxpayer which also incudes the partial or total inactivity declaration of the residence house, professional office or business, under the Consolidated Law of the Presidential Decree no. 445, of 28 December 2000, with the submission of the request to the offices of the Revenue Agency of territorial competence. Art. 1, paragraph 756, no. 205, of Law 27 December 2017, provided that the suspension applies also to taxpayers who have submitted self-certification of the damage suffered under the Consolidated Law of the Presidential Decree no. 445 of 28 December 2000;

4 - Subjects residing in the municipalities of Casamicciola Terme, Lacco Ameno and Forio dell'Isola di Ischia affected by the earthquakes of 21 August 2017
The subjects who, on 21 August 2017, had residence or registered offices or operative offices in the territory of the municipalities of Casamicciola Terme, Lacco Ameno and Forio dell'Isola di Ischia, the Decree of the Ministry of Economics and Finance of 20 October 2017 suspended their payment deadlines and fiscal obligations whose deadlines fall in the period between 21 August 2017 and 18 December 2017; subsequently, art. 2 paragraph 5-bis, of the Law Decree no. 148 of 16 October 2017, amended by Law no. 172 of 4 December 2017, extended the period of suspension under the above-mentioned decree until 30 September 2018 and extended the suspension also to the municipality of Forio. Thus, taxpayers who, on 21 August 2017 had residence or registered offices or operative offices in the territory of the municipalities of Casamicciola Terme, Lacco Ameno and Forio dell'Isola di Ischia, are entitled to the suspension of the fiscal obligations and payments whose deadlines fall in the period between 21 August 2017 and 30 December 2018. The suspension is subject to the request of the taxpayer which also includes the partial or total inactivity declaration of the residence house, professional office or business, under the Consolidated Law of the Presidential Decree no. 445, of 28 December 2000, with the submission of the request to the offices of the Revenue Agency of territorial competence.

5 - Subjects affected by other exceptional events
Subjects affected by other exceptional events must indicate code 5 in the appropriate box.

How to complete part VH
Subjects who have made use of particular relief (suspension of the deadlines for the performance of obligations and payments of the tax) because of the occurrence of exceptional events (see the specific Table) must in any event set out in part VH (if it needs to be completed), correspon-ding to the individual periods (months or quarterly), the debit amounts resulting from the periodic payments.